

3515. Also, petition of the Allied Printing Trades Council of Greater New York, favoring the Connery 30-hour work bill; to the Committee on Labor.

3516. Also, petition of Congoleum-Nairn, Inc., Kearny, N.J., opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3517. Also, petition of the Holden-Leonard Co., Inc., New York City, opposing the passage of the Fletcher-Rayburn securities bill; to the Committee on Interstate and Foreign Commerce.

3518. Also, petition of the Armstrong Cork Co., Lancaster, Pa., opposing the passage of the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

3519. Also, petition of the Dellwood Elevator Co., Division Archer, Daniels Midland Co., Buffalo, N.Y., opposing the stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3520. Also, petition of the International Agricultural Corporation, Albany, Ga., opposing the passage of the security exchange bill; to the Committee on Interstate and Foreign Commerce.

3521. Also, petition of Frank J. McCabe, New York City, opposing the Fletcher-Rayburn stock exchange control bill in its present form; to the Committee on Interstate and Foreign Commerce.

3522. Also, petition of the Somers & Conzen Coal Corporation, Brooklyn, N.Y., opposing the passage of Fletcher-Rayburn stock exchange control bill; to the Committee on Interstate and Foreign Commerce.

3523. By Mr. SNELL: Petition of residents of Gouverneur, N.Y., relative to paper industry; to the Committee on Ways and Means.

3524. Also, petition of employees of the New York Telephone Co., relative to the Wagner bill; to the Committee on Labor.

3525. By Mr. THOMPSON of Texas: Petition of citizens of Galveston, Tex., protesting against passage of House bill 5812, proposing compulsory medical treatment of all newborn infants in the District of Columbia; to the Committee on the District of Columbia.

3526. By Mr. TREADWAY: Resolutions adopted by the House of Representatives, Commonwealth of Massachusetts, urging legislation to promote the establishment of unemployment insurance in the several States; to the Committee on Labor.

3527. By the SPEAKER: Petition of the Boston investment and brokerage houses regarding the National Securities Exchange Act of 1934; to the Committee on Interstate and Foreign Commerce.

SENATE

TUESDAY, APRIL 3, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days Thursday, March 29, and Monday, April 2, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Capper	Costigan
Ashurst	Bone	Caraway	Couzens
Austin	Borah	Carey	Davis
Bachman	Brown	Clark	Dickinson
Bankhead	Bulow	Connally	Dieterich
Barbour	Byrd	Coolidge	Dill
Barkley	Byrnes	Copeland	Duffy

Erickson	Johnson	Neely	Stelwer
Fess	Kean	Norris	Thomas, Okla.
Fletcher	Keyes	Nye	Thomas, Utah
Frazier	King	O'Mahoney	Thompson
George	La Follette	Overton	Townsend
Gibson	Lewis	Patterson	Tydings
Glass	Logan	Pittman	Vandenberg
Goldsbrough	Loneragan	Pope	Van Nuys
Gore	Long	Reed	Wagner
Hale	McAdoo	Robinson, Ark.	Walcott
Harrison	McGill	Russell	Walsh
Hastings	McKellar	Schall	White
Hatch	McNary	Sheppard	
Hayden	Metcalf	Shipstead	
Hebert	Murphy	Smith	

Mr. LEWIS. I desire to announce the absence of the Senator from Florida [Mr. TRAMMELL], of the senior Senator from North Carolina [Mr. BAILEY], of the junior Senator from North Carolina [Mr. REYNOLDS], of the Senator from Ohio [Mr. BULKLEY], of the Senator from Nevada [Mr. McCARRAN], and of the Senator from Mississippi [Mr. STEPHENS], who are necessarily detained, and the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness.

Mr. HEBERT. I desire to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Indiana [Mr. ROBINSON] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

REPORT OF THE RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report covering the operations of the Corporation for the fourth quarter of 1933 and the period from its organization on February 2, 1932, to December 31, 1933, inclusive, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Assistant to the Secretary of Labor, transmitting, pursuant to law, a list of files accumulated in the Office of the Secretary which are not needed in the conduct of business and possessing no historical interest, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. WALSH and Mr. BORAH members of the committee on the part of the Senate.

BOARD OF VISITORS TO THE UNITED STATES MILITARY ACADEMY

Mr. SHEPPARD. I ask that the announcement which I send to the desk may be read.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The announcement will be read, as requested.

The legislative clerk read as follows:

UNITED STATES SENATE,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D.C., April 3, 1934.

To the Senate:

By virtue of the authority vested in me by the act approved May 17, 1928, I hereby appoint Senators COOLIDGE, LOGAN, REYNOLDS, REED, and CAREY to represent the Senate Committee on Military Affairs on the Board of Visitors to the United States Military Academy during the remainder of the Seventy-third Congress.

MORRIS SHEPPARD,
Chairman Senate Military Affairs Committee.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of New York, which was referred to the Committee on Rules:

STATE OF NEW YORK,
IN SENATE,
Albany, March 26, 1934.

By Mr. Blumberg

Whereas it appears from a current newspaper article that there has been discrimination against Negroes in a restaurant open to the public and located in the United States Capitol and that service of food therein has been refused to Negroes; and

Whereas such treatment tends to create racial prejudices and animosity; and

Whereas the people of this State are not in accord with such practices: Now, therefore, be it

Resolved (if the assembly concur), That the Congress of the United States be, and it is hereby, respectfully memorialized to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; and be it further

Resolved (if the assembly concur), That a copy of this resolution be transmitted to the Clerk of the House of Representatives and to the Secretary of the Senate and to each Member of the Congress elected thereto from this State.

By the order of the senate.

MARGUERITE O'CONNELL, Clerk.

IN ASSEMBLY, March 27, 1934.

Concurred in without amendment.

By order of the assembly.

FRED W. HAMMOND, Clerk.

The VICE PRESIDENT also laid before the Senate telegrams in the nature of memorials from sundry citizens of New Orleans, La., remonstrating against the passage of the so-called "Fletcher-Rayburn stock-exchange bill" in its present form, and favoring a less drastic bill, which were referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from George R. Stump, of Humansville, Mo., praying for the prompt passage of legislation providing payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from the Japanese Chamber of Commerce of Honolulu, Hawaii, remonstrating against imposing restriction on the Hawaiian sugar industry so as to place it on an unequal basis with the industry in continental United States, which was referred to the Committee on Finance.

He also laid before the Senate a petition of members of the Forest City Hebrew Benevolent Association Juniors, of Cleveland, Ohio, praying for the adoption of Senate Resolution 154 opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Wesleyan Service Guild, of San Francisco, Calif., favoring the passage of the so-called "Patman motion-picture bill", being House bill 6097, providing for higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

UNEMPLOYMENT INSURANCE OR UNEMPLOYMENT RESERVES

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD resolutions of the House of Representatives of the Commonwealth of Massachusetts memorializing Congress for the enactment of legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard.

The resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Resolutions memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard

Whereas the House of Representatives of Massachusetts, being mindful of the need for protecting the lives and bettering the opportunities of the people of Massachusetts by establishing a system of unemployment insurance or reserves, is desirous also of keeping the manufacturers and other employers in this Commonwealth free from any possible unfair competition at the hands of employers in those States which do not require contributions to such unemployment insurance funds or reserves: Therefore be it

Resolved, That the said house of representatives does hereby memorialize and petition the Congress of the United States to enact into law Senate Joint Resolution 26 of the last session, or such other appropriate legislation as may be proposed, for permitting employers in those States which have enacted suitable provisions for compulsory unemployment insurance or reserves, to deduct from their United States income-tax payments a substantial portion of their respective contributions toward the maintaining of the said systems of unemployment insurance or reserves; and be it further

Resolved, That a copy of these resolutions be sent by the secretary of the Commonwealth to the President of the United States and to each Senator and Representative in Congress from this Commonwealth.

In house of representatives, adopted March 23, 1934.

FRANK E. BRIDGMAN, Clerk.

A true copy. Attest:

[SEAL]

F. W. COOK,

Secretary of the Commonwealth.

FURLOUGHS IN THE POSTAL SERVICE

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD resolutions of the House of Representatives of the Commonwealth of Massachusetts in opposition to the proposed imposition of a one day's furlough each month on certain employees in the Postal Service.

The resolutions were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Resolutions in opposition to the proposed imposition of a one day's furlough each month on certain employees in the Postal Service of the United States

Whereas it is an established principle in the modern financing of governments that their budgets should be balanced by providing additional revenue or by retrenchment in expenditures; and

Whereas direct or indirect reduction in the pay of Government employees should not be resorted to for such purpose until all other available means have been exhausted and, when resorted to, should be so effected that the burden resulting therefrom will be laid on all classes of employees equally as nearly as may be; and

Whereas it appears that the imposition of one day furloughs each month upon certain United States postal employees, in violation of the foregoing principles, is contemplated: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts desires to be recorded in opposition to the imposition as aforesaid of any such furloughs; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States of America, to the Postmaster General thereof, and to the presiding officers of both branches of the Congress and to the Members thereof from this Commonwealth.

In house of representatives, adopted, March 27, 1934.

FRANK E. BRIDGMAN, Clerk.

A true copy. Attest:

[SEAL]

F. W. COOK,

Secretary of the Commonwealth.

REPORTS OF COMMITTEES

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (S. 2794) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes, reported it with amendments and submitted a report (No. 588) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2735) to amend sections 5136 and 5153 of the Revised Statutes, as respectively amended, reported it without amendment and submitted a report (No. 589) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 790) for the relief of Charles B. Arrington, reported it with amendments and submitted a report (No. 590) thereon.

He also, from the same committee, to which was referred the bill (S. 1794) to authorize Vernon C. DeVotie, captain, United States Army, to accept a certain decoration tendered to him by the Colombian Government, reported it without amendment and submitted a report (No. 591) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BYRD:

A bill (S. 3270) to fix standards for till baskets, Climax baskets, round-bottom baskets, flat-bottom baskets, market baskets, hampers, cartons, crates, boxes, barrels, and other containers for fruits or vegetables, to consolidate existing laws on this subject, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. LONERGAN:

A bill (S. 3271) for the relief of Carmine Sforza; to the Committee on Claims.

By Mr. TYDINGS:

A bill (S. 3272) for the relief of the city of Baltimore; to the Committee on the Judiciary.

By Mr. CAPPER:

A bill (S. 3273) to authorize compensation in lieu of accumulated leave to employees separated from the Department of Agriculture through the discontinuance of the United States experiment stations in Alaska, Guam, and the Virgin Islands; to the Committee on Appropriations.

By Mr. BARBOUR:

A bill (S. 3274) to regulate the expenditure of public moneys heretofore and hereafter available for expenditure in carrying out the act of May 18, 1933, known as the "Tennessee Valley Authority Act of 1933", and for other purposes; to the Committee on Finance.

By Mr. WALSH:

A bill (S. 3275) for the allowance of certain claims for extra labor above the legal day of 8 hours at the several navy yards and shore stations certified by the Court of Claims; to the Committee on Education and Labor.

By Mr. McNARY:

A bill (S. 3276) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of Suncrest Orchards, Inc.; to the Committee on Claims.

By Mr. THOMPSON:

A bill (S. 3277) authorizing the purchase of additional land and the construction of an enclosure thereof at the radio station near Grand Island, Nebr.; to the Committee on Interstate Commerce.

(By request.) A bill (S. 3278) authorizing the Bankers Reserve Life Co., of Omaha, Nebr., and the Wisconsin National Life Insurance Co. to bring suit in the Court of Claims of the United States against the United States of America for a refund of taxes paid by said corporations into the Treasury of the United States and authorizing said court to disregard the statute of limitation; to the Committee on Claims.

By Mr. DILL (by request):

A bill (S. 3279) incorporating the American White Cross Association on Drug Addiction; to the Committee on the Judiciary.

By Mr. WAGNER:

A bill (S. 3280) to carry out the findings of the Court of Claims in the claim of the Morse Dry Dock & Repair Co. (with an accompanying paper); to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3281) to amend the law relative to citizenship and naturalization, and for other purposes; to the Committee on Immigration.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. FLETCHER submitted two amendments intended to be proposed by him to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were referred to the Committee on Finance and ordered to be printed.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. CAREY, Mr. DICKINSON, Mr. KING, Mr. POPE, and Mr. SHIPSTEAD each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which were severally ordered to lie on the table and to be printed.

AMENDMENT TO LEGISLATIVE APPROPRIATION BILL

Mr. GEORGE submitted an amendment intended to be proposed by him to House bill 8617, the legislative appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 2, line 25, after "enrolling clerk", to insert the following: "\$4,000 and \$1,000 additional as long as the position is held by the present incumbent."

EMPLOYMENT OF COUNSEL IN ANTITRUST CASES

Mr. KING. Mr. President, I ask unanimous consent for the present consideration of Senate bill 3209. I will say, in a word, that the bill for which I ask consideration has been reported unanimously by the Judiciary Committee. In brief, the situation is this: There is a statute under the

terms of which no attorney may be employed by the Department of Justice in the prosecution of any case by the Government if he has pending any cases against the Government. The Department of Justice has initiated, or is about to initiate, proceedings against a certain company for the enforcement of the Sherman antitrust law. It desires to employ Mr. Frank K. Nebeker, who has had large experience in former administrations, both Republican and Democratic, in the enforcement of the antitrust laws. It sent down a bill which the Judiciary Committee has reported, which permits the employment of Mr. Nebeker in the prosecution of this case.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 3209) limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in the case of United States of America against the Weirton Steel Co. and other cases was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That nothing in sections 109 and 113 of an act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203), or in section 190 of the Revised Statutes of the United States (U.S.C., title 5, sec. 99), or in any other act of Congress forbidding officers or employees or former officers or employees of the United States from acting as counsel, attorney, or agent for another before any court, department, or branch of the Government or from receiving or agreeing to receive compensation therefor, shall be deemed to apply to attorneys or counselors to be specially employed, retained, or appointed by the Attorney General or under authority of the Department of Justice to assist in the prosecution of the case of United States of America against Weirton Steel Co., and/or any other case or cases, civil or criminal, involving said company, its officers or agents, arising under the National Industrial Recovery Act or any code of fair competition adopted pursuant thereto.

Mr. KING. I ask unanimous consent to have the letter from the Attorney General appearing in the report filed with the bill printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 27, 1934.

HON. HENRY F. ASHURST,

Chairman Committee on the Judiciary,

United States Senate, Washington, D.C.

MY DEAR SENATOR: It is deemed essential to the proper conduct of the case of the United States against The Weirton Steel Co. that special counsel of national standing and professional ability be retained. To meet this necessity it is desired to appoint Mr. Frank K. Nebeker, a lawyer of distinction, formerly assistant to the Attorney General of the United States, but now engaged in the practice of the law in Washington, D.C. His association with the Government's cause in the Weirton case would, it is believed, lend great aid to the conduct thereof. In his practice Mr. Nebeker represents clients who have claims against the Government and who may have claims in the future. If he is to be specially employed in behalf of the Government, as I propose, and at the same time continue to represent the clients referred to, it will be necessary for Congress to exempt him by special statute from the operation of the provisions of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States. I enclose herewith a bill to effectuate this result and request that you introduce it and endeavor to secure its passage. I shall very much appreciate as prompt action in the matter as you are able to give it.

Sincerely yours,

HOMER CUMMINGS,
Attorney General.

DR. WILLIAM A. WIRT

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement recently printed in the New York Times, written by Charles Hall Davis, of Petersburg, Va., in which he discusses the statement of Dr. William Wirt which has aroused Nation-wide interest.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Dr. Wirt's statement has aroused Nation-wide interest, not merely because of his reference to Kerensky and Stalin but because a large number of thoughtful citizens who believe in the American plan and theory of government are seriously alarmed at the continuing and increasing concentration of power in the Federal Government and the scrapping of constitutional limitations on governmental powers.

These citizens recognize that the avowed strategy of the socialist school of thought is gradually to concentrate all power in government and then seize the government and administer it, not in the interest of all the people but of a class described as "the proletariat." They recognize that the present program, whether so intended or not, is aiding and furthering the plans of the socialist school of thought and is helping to make possible a political coup that may at one fell stroke destroy the American Republic and end individual and political liberty.

The Socialist platform of 1904 (official document issued by the national committee, Socialist Party, pp. 307, 308, 309) sets forth that the organization is not American, but is world-wide. It "pledges fidelity to the principles of international socialism." It contains the following:

"To the end that the workers may seize every possible advantage that may strengthen them to gain complete control of the powers of government and thereby the sooner establish the cooperative commonwealth, the Socialist Party pledges itself to watch and work" for certain so-called "legislative reforms." The platform then proceeds to state:

"But in so doing"—that is, urging these legislative reforms—"we are using these remedial measures as means to the one great end of the cooperative commonwealth. Such measures of relief as we may be able to force from capitalism are but a preparation of the workers to seize the whole powers of government in order that they may thereby lay hold of the whole system of industry. . . . (Italics inserted.)"

I have been a Democrat all my life and voted for Mr. Roosevelt. I cast that vote with full knowledge that when the President took office he would place his hand on the Holy Scriptures and take a solemn oath that he would "preserve, protect, and defend the Constitution of the United States." Reforms in government were urgently needed, but the powers of the President and of Congress were limited by the Constitution, which every Member of Congress has sworn to support.

I did not vote to make Mr. Roosevelt a benevolent despot, but I voted for a President under a representative, constitutional government. The principle of limitations on governmental powers in the hands of agents, as safeguarded by the Constitution of the United States, must be enforced if individual and political liberty is to be maintained and if the rights of man are to be preserved.

The perpetuation of our constitutional government is transcendently important to the American people and to the world; and the temporary control of the administration of national affairs by Democrats or Republicans is of small importance as compared with the preservation of the national birthright of liberty, bequeathed to us by the fathers and framers.

I hold no brief on behalf of Dr. Wirt, but I agree with him that the question of the identity of the man who made the reference to Kerensky and Stalin is of minor importance. The real problem should not be camouflaged by a discussion of personalities; and the issues are too tremendous to be evaded or whitewashed by Congress or to be ridiculed by the press, in the effort to pigeon-hole them and thereby lull the American people into a disregard of the present danger to the Republic.

Many of us have feared, and still fear, that the present administration's policies, if continued, will ultimately result in an American Socialist, Communist, Soviet, or Fascist state in place of a constitutional republic. We have not described the menace in terms of Kerensky and Stalin, though we have been alive to the danger of a soviet republic as a result of nationally regimented and coded industry and of the increasing combination and concentration of executive, legislative, and judicial functions in bureaucratic appointees of the President. Many of us still believe in the Constitution of the United States and still cling to the idea expressed by the Supreme Court in an earlier day, when it said:

"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism. . . . The theory of necessity upon which it is based is false." (Supreme Court in *Ex parte Milligan*, 4 Wall. 1.)

It matters little who made the statement to Dr. Wirt about Kerensky and Stalin. It matters much whether the Republic is in danger.

Congress, the President, and the courts are on trial before the American people as their creators and masters. We want to know whether they are endangering the governmental structure for the preservation of human rights and liberty temporarily intrusted to their administration. We want to know how they justify their apparent disregard of the constitutional limitations imposed on them by their creators and masters.

They have not been given a blanket power to act as benevolent despots, nor has the United States been turned over to them for the purpose of testing out the governmental theories of a "brain trust" group.

The American people as a whole still value individual and political liberty. They still believe that unalienable individual rights are an endowment or gift from the Creator and that the Federal Government, as a limited agent created by them, can restrain the exercise of those rights only to the extent authorized by the constitutional instrument. The Constitution, as a limitation on governmental powers, is neither a joke nor a mere scrap of paper.

Principles, not personalities, are at stake. Our rulers are not sacrosanct or above public criticism. And the new horde of Federal bureaucrats are not yet sufficiently entrenched in power to enable them to avoid an accounting by ridicule, by criticizing a phrase or by crucifying its author.

CHARLES HALL DAVIS.

PETERSBURG, VA., March 28, 1934.

ON BEING BURNED IN EFFIGY

The VICE PRESIDENT. The Senator from Louisiana [Mr. Long] advises the Chair that he desires to rise to a question of personal privilege. The Chair recognizes the Senator from Louisiana.

Mr. LONG. Mr. President, I send to the desk and ask that the clerk may read an Associated Press dispatch which appeared during my absence from the Senate. I ask the attention of Senators to the reading.

The VICE PRESIDENT. The clerk will read, as requested. The Chief Clerk read as follows:

HUEY LONG BURNED IN EFFIGY

LOUISVILLE, March 30.—As a display of their resentment at Senator HUEY P. LONG's verbal attack on Col. E. R. Bradley, Kentucky turfman, a group of trainers, exercise boys, and race-track habitués last night hanged and burned the Louisiana Senator in effigy on a vacant lot near the Churchill Downs race track here.

Mr. LONG. Mr. President, it seems that there is some necessity that I acquaint the race-track habitués with facts of which they possibly have no knowledge. I was going to leave it to the sworn testimony that would be presented to the Committee on Finance tomorrow to substantiate things I said on the floor of the Senate the other afternoon. But inasmuch as in their haste to have this matter decided some have seen fit to give considerable publicity to certain activities had by such processes as I have had read at the desk, I am going to have to take the time of the Senate, in order that I may show to the Senate this morning from written publications and documents, all of which are unfriendly to me, that everything I said on the floor of the Senate is true and correct and not to be contradicted by anybody.

I am not going to rely upon anything that is not good evidence. I am not going to rely upon any evidence except such as comes from anti-Long sources, but I am going to give the Senate evidence, first, that the chief racketeer and gambler of the United States is E. R. Bradley; second, that his partner in the business is Col. John P. Sullivan; and, third, that John P. Sullivan is in charge of the internal-revenue business in the State of Louisiana.

I first have the pleasure of reading from that great nationally known publication, Collier's Weekly, a Morgan magazine, from the issue of February 26, 1927. I read at page 15 of that issue from a special article by Mr. Owen P. White published in Collier's Weekly, which has been known to be violently unfriendly to me. From page 15 I read as follows:

They lose and like it.

Being separated from your money at the "Beach Club" is as painless as having your hair cut. Here's how it is done.

They call it the Beach Club, but as the only beach near this gilded emporium of chance is the one of the souvenir postcard (the real ocean being a mile and a half away), the people who know the place best—and the most to their sorrow—merely speak of it with feeling as Bradley's.

I hope my friends will pay particular attention to this national publication which is sponsored by the Morgans & Co. and try to realize that we are listening to a house of high finance dealing with their brother member, who probably is a great deal better than any of the partners they have in the business so far as I have any knowledge. I do not mean to denounce Mr. Bradley. I am merely showing that he is interested in the fraternity as one of the brethren.

I go a little further:

Of course, I am talking about Bradley's, of Palm Beach, and I am quite positive that anyone who has been there, either as a looker-on or a comer-on—

Some of the Senators probably do not understand what that means, and I do not either. I have not been in that place myself—

Either as a looker-on or a comer-on, and who has likewise strayed into similar establishments in other corners of the world, as I

have, will agree with me when I say that it is the sportiest and classiest gambling house in the world.

I am sorry my friend from Kentucky [Mr. BARKLEY] is not here at the moment. "The swankiest, largest, and sportiest gambling house in the world." Let us go a little further dealing with this great citizen who raises race horses in Kentucky and, therefore, became good:

It's strange the way they do it. But down at Bradley's you lose and you like it! There's something anaesthetic about the Bradley atmosphere that renders the operation of separating a man from his money as painless as a hair cut, and enables a player to sit up and watch his cash dribble away from him with as much nonchalance as if he owned a mint, and as if nobody had ever invented such an unpleasant thing as the first of the month.

The very attendants around the place make a piker feel like a plutocrat. His slightest wish is gratified even before he begins to realize that he had one. He feels like smoking, and a flunky in the rear begins to light matches. He is going to be thirsty (he doesn't realize it himself, but a psychological expert, 10 paces in the rear, has analyzed the symptoms and rushed for the ice water), and when the dryness appears so does the drink.

They do everything the same way.

This was in the prohibition days of 1927, and this was Mr. Bradley's policy in the casino as reported by Morgan's magazine.

They do everything the same way. Even the dealer on the other side of the table says "Thank you", as he rakes in your contribution after each turn of the wheel or each flip of the card. It's a nice place, this Bradley's of Palm Beach. Theoretically—

I hope Senators will understand this, because I find in the Senate that steadily day by day we are groping and forgetting the law, and we are not keeping abreast with our knowledge of jurisprudence and the statutes as they have existed and as they now exist; so I hope the Senate will catch this point vividly as I read from this illustrious magazine about this wonderful sportsman who is now recommending the political appointments and representing the gambling interests in Louisiana and on back over toward the coast.

Theoretically—

Said this magazine article, and it is theoretically—

Theoretically it is against the law to run a gambling house in the State of Florida. But what difference does that make? A mere unsupported theory hasn't any more chance to stand up against Mr. Bradley's million-dollar-a-season industry than the patrons of his games have of walking away with the bank. But, being a law-abiding citizen—

That is, running a gambling house down there and serving drinks.

Being a law-abiding citizen—

And he is about as law abiding as Morgan & Co. They are all in the same class. This initiates him into the lodge.

But, being a law-abiding citizen, Mr. Bradley allows the theory to remain undisturbed and calls his place a "club" instead of a gambling house. There are those who say that he cheerfully distributes—

I hope Senators will get this:

There are those who say he cheerfully distributes half a million a year—which is charged to expense and contributed by the suckers—among the needy Florida politicians who will do him the most good.

There has not been any burning in effigy done about this. This is a complimentary article written about Mr. Bradley.

This report, however, cannot be confirmed.

Becoming a member of Mr. Bradley's "club", however, isn't like joining the Elks or securing membership in a Rotary Club. Not at all. In order to secure the privilege of getting plucked, along with the socially elite who foregather around the gambling tables in Mr. Bradley's exclusive establishment, all that the ambitious one has to do is to get some previous sufferer to introduce him as a candidate for sacrifice who can pay his losses and who won't squeal.

I am omitting a little because I have not time to read all of the article. We find where the charity of this man comes into the picture. I shall certainly not read the fair in this article without reading the very good. This is all intended as a compliment to him. It is written here as a creditable article. It is written to give him standing, and it does give him standing. Among the creditable things, in order to show his great charity, they throw this little paragraph in.

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I have not had time to read the article in full, and I shall probably offer it at the end of my remarks to be printed in full in the RECORD.

Mr. Bradley must have read my thoughts, for he said—

Get this, Mr. President, because this shows the charity of the man—

"When a man dies owing me any money, I tear up the slips and forget it."

That is very remarkable. This great big gambling-house man tears up the slips when a man dies—and that is charity of the first order. Talk about the tribe of Abou Ben Adhem increasing. Talk about his having been told that he would be remembered as having loved his fellow man. But never will anyone find a greater case of love for one's fellow man than this instance of the man who tears up the slips when someone dies owing him money.

Wonderful! Wonderful recommendation that this man has! He gives the reason, however, and I will read the reason. I am glad to do it. He gives the reason for this charity:

When a man dies owing me any money, I tear up the slips and forget it.

Now, why? He says:

One died the other day. * * * That debt is now off the books.

Why the charity? Here is where the heart of the man is seen in its best and truest light:

I can't ask his people for it, because maybe his family didn't know of his weakness. * * * The law doesn't recognize a gambling debt.

And so the good, true, honest, righteous Kentucky sportsman tears up the slips, because the law does not recognize the debt! [Laughter.] I submit that is positive proof that no one can say that this man is not entitled to his place in the sun.

I do not want to have any doubt about this matter. Inasmuch as I have been burned in effigy on this account, I send to the desk and ask to have the clerk read the main article published in Miami Life, Miami, Fla., March 31, 1934, beginning with "Our tourist crop." I should like to have it read very clearly.

THE VICE PRESIDENT. Without objection, the article will be read.

The legislative clerk read as follows:

Our tourist crop yielded \$100,000,000 this season. Think of it—a hundred million dollars! But where are our profits? Figured in a most conservative manner, Miami and the county of Dade should be enriched at least \$10,000,000. But where is it? This paper will tell you. Your banker will confirm us.

A handful of men who've done the same thing for the last three seasons walked away with the substantial part of the 1934 profit. With the close of the racing season they are taking it North in the same big bag, just the same as they did in 1933 and in 1932, only the bag is heavier. There are \$3,000,000 in the bag this year, perhaps more.

And the two men—just two men, mind you—who together have most of it—just two men, mind you, with all that wealth that a few weeks in Miami this season brought them—are the fastidious Mr. Joey E. Widener (of the main-line Philadelphia Wideners, a self-professed sportsman) and his 50-50 partner, Col. E. R. Bradley, of Palm Beach and Louisville, the most notorious gambler in the United States.

Mr. Joe E. Widener, mind you, who never gave a tinker's dam about Miami until he saw race-track profits here that he did not have a hand in, and Colonel Bradley, who has always despised Miami, even to the extent of keeping everything here "closed" as long as he possibly could (even enjoined horse racing here in 1928, through Attorney Jim Carson, now his attorney at the track), and whose tie-up with the fastidious Mr. Widener at Hialeah enables him to shift the "cream" of the very wealthy gamblers to his casino at Palm Beach, the Everglades Club.

Almost a third of the \$100,000,000 turned loose by tourists in Dade County in the season just ending was in gambling alone. The two horse tracks and the dog tracks showed \$27,000,000 through the pari mutuels over the State—more than \$22,000,000 in Dade County alone. Other gambling (unauthorized) raises the Dade total easily to \$30,000,000.

For permitting which Dade County gets back from the State's 3-percent levy \$14,000. Fourteen thousand dollars return from \$30,000,000—a tax so infinitesimally small it strains our mentality to compute it. We 28,000 voters, who in 1931 gave this handful

of men the privilege of handling millions of dollars in betting money, didn't know what we were doing. For we 28,000 voters are today, for the most part, broke. Our county is broke. Our municipalities are bankrupt. We are overtaxed, overcharged, and, instead of seeing relief in sight, we are contemplating even greater burdens—taxing of our occupations, taxing our garbage cans even, anything to keep up our growing pay rolls. While the handful of men, the real proprietors of the race tracks, are rich—and growing richer each season. Growing wealthier on our only "crop"—and we growing poorer. There was never anything like it in the United States.

Gambling, now that it has become almost a necessity in Miami's existence, should be, must be, our slave, not our master. When it does become our master, it must go, and will go, just as the old saloon did when it began controlling people instead of the people controlling it.

We already know enough, too much, about gamblers in Florida becoming masters, and the wholesale buying of the 1931 legislature by the interests we speak of has a most unpleasant ring in our ears yet.

Gambling is almost a necessity, for it would be hard to adjust ourselves to a different condition. We are the focal point for a hysterical gambling wave that is sweeping all over America, with prospects of a sanctioned national lottery looming.

Miami has become, in the public mind, the Monte Carlo of America. But, alas, it is a Monte Carlo of impoverished, bankrupt natives, who are not even seeking their rightful share of the bounty. Sinking deeper in the mire of debt, we furnish the Monte Carlo setting, the scenery, the props, the lights, the come-on ballyhoo—and let a handful of strangers walk away at each season's end with not part of the profits—but all!

This cannot go on. Sounds simple to say—but it is the truth. It cannot go on.

Permitting what we are permitting, what we have permitted, not a resident of Dade County should be broke today. Not a propertyholder in Dade County should have to pay taxes. Talk of municipally owned light and power plants—why, here we have a municipally controlled (supposedly) gambling institution, which could pay all our light bills for us, in addition to assuming our taxes, and scarcely miss it—still permitting the gambling directors to make a nice profit.

We 28,000 voters just can't take it any longer.

We've got to get our deserved share of the pari mutuel profits now being carried northward by a small handful of men, whose main interest in Miami is only what they can take out of it, not put into it.

We 28,000 voters deserve, should demand, enough percentage of this \$22,000,000 gambling pot at least to free our county and all its municipalities from debt.

For we are 28,000 important, most important, shareholders in the race tracks of Dade County or else—

Nothing can stop us from ruling every one of these privately owned tracks out of existence. And from building a municipally owned horse track and a municipally owned dog track in our city limits—and taking the 10-percent "kitty" ourselves—

And making Dade County tax-free forever, a county free from poverty.

Figures—Mutuel play

Hialeah Park	\$11,600,000
Tropical	5,500,000
Dogs (estimated)	5,000,000
Total	22,100,000

Dade County's share of 3-percent levy of State upon \$27,000,000 total \$14,000.

(And each of the 66 other counties receiving likewise.)

Say, \$100,000 was bet on the first race through the pari mutuel machines and the betters continued on through, here is the way the \$100,000 would dwindle, and the "kitty" (the 10-percent "take") would increase:

Race	Bet	"Take"
First	\$100,000	\$10,000
Second	90,000	9,000
Third	81,000	8,100
Fourth	72,000	7,200
Fifth	63,000	6,300
Sixth	54,000	5,400
Seventh	45,000	4,500
Eighth	36,000	3,600
Ninth	27,000	2,700
Tenth	18,000	1,800
Total	35,000	65,000

Leaving the betters of \$100,000 approximately \$35,000 to take back home (not counting what they've spent in the track).

Mr. LONG. Mr. President, I now wish the Senate to pay specific attention as I read from another newspaper violently opposed to me and friendly to Mr. John P. Sullivan and Mr. E. R. Bradley. I am about to read from the New Orleans States, of New Orleans, La., Friday evening, February 9,

1934, for the purpose of proving that Bradley and Sullivan are partners in the gambling business.

"Service" to "bookies" on New Orleans races stopped. Order, laid to politics, permits town betting on other tracks.

In order that the Senators may understand this, because I have studied it a little bit, I will state what the article is about.

When Bradley and Sullivan's race track opened up, they did not allow any betting on the horse races that they conducted in the poolrooms, in the handbooks, and in the gambling joints around the city of New Orleans. The reason of that is that they allow gambling on those horses themselves out at the race track; and if they should allow the suckers to go and bet at the poolrooms and at the handbooks and at the pawnshops, Bradley and Sullivan would not get a chance to count the money and to assess the brokerage and the little commissions and various and sundry other trimmings that go with that kind of business, from which the money is amassed.

Now I want to read this in order to show in Mr. Sullivan's own words, as quoted in the New Orleans States, that he is the gambling partner of Col. E. R. Bradley, so highly recommended:

The lid was clamped down good and tight on New Orleans horse-race-betting poolrooms Friday. Operators of handbooks were told there would be "nothing doing" in the way of service and "line sheets" from the Daily Racing Form Publishing Co., which is under the same ownership as the General News Bureau, which latter organization furnishes the pool rooms of this country with service on the races. Service means everything that can be of assistance to a race-track better in "playing the ponies", from scratches early in the morning to a "call" on the races during their progress.

While none would be so bold as to express an opinion as to the source of the orders to "lay down" on Fair Grounds racing, it was freely rumored such orders came right from the city hall and through the police department, the Racing Form, and the General News Bureau. Last week word had gone down the line that any poolrooms "dealing" the Fair Grounds races would get themselves in trouble. Most of them thought it was just a gesture intended as a political balm to Col. John P. Sullivan for the latter's support of the old regulars in the city election. But Colonel Sullivan has since proved to the satisfaction of most of those who laid the blame on his doorstep that he is interested in the Fair Grounds only to the extent of seeing the Crescent City Jockey Club meet the notes and interest due him and Col. E. R. Bradley for payment for the Fair Grounds.

I will send this article to the desk and ask to have it printed in full at the conclusion of my remarks. In other words, Mr. Sullivan says, "Bradley and I operated the Fair Grounds, but now we are selling it out, and our only interest at this time—all we want to do—is to get the money owing to me and Bradley for this gambling contrivance that we are supposed to have sold." However, I want to take the view of it that Colonel Sullivan and Mr. Bradley himself allege; but, as is stated by the newspaper, the reason that they closed the handbooks and operated whenever the race track was going was because they thereby forced the people to go into Sullivan's gambling house and Bradley's gambling house and had a closed season for everybody else; not even competition was allowed.

In order to show that that is not an unfair report, I ask that this article of which I have read the first part be printed in full in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit A.)

Mr. LONG. I ask also that this article from Collier's Weekly be printed in full in the CONGRESSIONAL RECORD at the conclusion of my remarks. It is the article appearing on page 15 of the issue for February 26, 1927, entitled, "They Lose and Like It."

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit B.)

Mr. LONG. I also ask to have printed in full in the CONGRESSIONAL RECORD the article appearing in the Times-Picayune of February 10, 1934, entitled "'Service' Halted on Fair Grounds Races at Bookies—Order Prevents Betting on Local Track Away from Scene."

Discussing the matter, and laying it to politics, and preferences of this particular house.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit C.)

Mr. LONG. Mr. President, I have another letter that I am going to delay reading just a moment, dealing with Colonel Bradley more extensively, from a very reputable lawyer in the State of Florida; but, as he will be here tomorrow, I shall delay the reading, because I want to bring up the connection of this matter.

I charged, Mr. President, that this was a gambling-house gang. I have proved by their own journals and by their own articles that it is everything that I said here on the floor of the Senate, that this is a bunch of gambling racketeers and gangsters. I am now going to prove to you that they have been put in charge of the Government. I am not going to deal with anything that is evidence that is not fixed evidence; and if any man in the Senate, hearing what I state here that cannot be disputed, that is absolutely fixed evidence, has the slightest doubt hesitating around his mind as to who named D. D. Moore, and as to why he was named, and as to who is running the internal-revenue office in the city of New Orleans, then it will be due to my simple-mindedness in assuming that there are presumptions that I indulge which some others do not.

Mr. TYDINGS. Mr. President—

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. I missed part of the Senator's remarks, and I heard the part where he connected Colonel Sullivan with these charges.

Mr. LONG. Yes, sir.

Mr. TYDINGS. I should like to know if Mr. Moore has been connected with these charges.

Mr. LONG. I am now connecting him.

Mr. TYDINGS. Up to now, Mr. Moore has not figured in the matter.

Mr. LONG. Except that Mr. Moore was sponsored for the appointment by Colonel Sullivan, and that Colonel Sullivan came to the committee room sponsoring him.

Mr. TYDINGS. What I should like to know—

Mr. LONG. Never mind; the Senator is going to get all he needs.

Mr. TYDINGS. What I should like to know is what charges there are against Mr. Moore. He is the man who has been nominated for this office.

Mr. LONG. I will ask the Senator just to sit there 2 minutes and see if he does not get an earful. [Laughter in the galleries.]

Mr. President, since the Senator from Maryland was not here when I began, it is proper that I should say just a word, without losing my train of thought, because I next want to show that Sullivan was conducting Moore's office. That is what I want to show now.

It will not be denied that Mr. D. D. Moore was appointed at the instance and at the suggestion of Col. John P. Sullivan. It will not be denied that when Mr. Moore was up for confirmation before the committee presided over by the able Senator from Kentucky, Mr. John P. Sullivan came into the committee room with Mr. Moore, as his sponsor, and stood there with him, arm to arm, heel to heel, shoulder to shoulder, and cheek to cheek. [Laughter.] That will not be denied. But that is not half of it.

Mr. Moore's office had to be properly organized. How was Mr. Moore's office to be organized? It had to be organized so that it would be run in accordance with the wishes of the man who had sponsored him, who had had him appointed. So they took up case no. 1.

Mr. President, this morning I went to the office of Mr. Guy T. Helvering, the Commissioner of Internal Revenue, after I had received a list of those who had been placed upon the pay rolls to conduct the office of the internal-revenue collector of the city of New Orleans. I went to his office this morning and checked over these people to see who they were. What I give is taken from the records of the Commissioner

of Internal Revenue, and from the signed documents which are in his office.

Here is no. 1, a lady by the name of Miss Golden. I make no charges whatever against any of these ladies. I shall simply give the facts as to where they were and where they are now.

I have in my hand a copy of the employment record of Miss Thyra F. Golden, as it appears in Mr. Helvering's office. Who was Miss Thyra F. Golden? According to her own application blank, she said that she was at that time employed in the office of and by Col. John P. Sullivan. She says on that blank, "I am resigning the job with Colonel Sullivan to take this position." Her application blank contains the references of some of Mr. Sullivan's employees in his office, and none others. The notary on the application blank is Mr. David Sessler, a lawyer in the office of John P. Sullivan. That is no. 1.

Now I come to no. 2, in order that this office may be properly qualified a la Sullivan-Bradley gambling houses, and everything that might be known to the kingdom of graft and gambling and swindling in the South. No. 1 I have given. No. 2 we find is Miss Pearl Maretzky. Miss Pearl Maretzky states in her application blank that she is an employee of Col. John P. Sullivan. Mr. Sullivan acted as the notary on her application, and put his name on it, or she put on his name as one of the references, and she was promptly employed. The blank is dated the 16th day of October 1932.

It seems that a little bit later Mr. Sullivan began to get wise to the fact that he was doing this thing a little bit too boldly, that he was rather too flagrantly saying on the application blank, "I am resigning this job with Colonel Sullivan for this position which I am applying for." The application blank, notarized by Colonel Sullivan, did not say, "I have resigned, and I have applied for a job", but the blank which Mr. Sullivan notarized and on which he was a reference, said, "I am resigning to take this position." There was nobody passing on it unless it was Mr. D. D. Moore, in the office at the same time, because at the same time the notary put on his seal, on the application blank filled out in his office with Sullivan as a notary, the applicant said, "I am resigning this job and taking the other." Does anybody have any doubt that she was doing it?

A little bit later Mr. Sullivan decided to put no. 3 in the office. He had three of them. He got a little bit more "cagey." He took Miss Evelyn Flattery. Let me put it in language that will not be disputed.

Miss Evelyn Flattery applied for a job in the Office of the Internal Revenue Collector of Louisiana, and she gave Col. John P. Sullivan as a reference. Mr. Sullivan acted as the notary public on her application blank, but on that application blank she listed the fact that she was an employee of Mr. A. S. Cain. Mr. A. S. Cain, as everybody knows, is employed in a concern with or under Colonel Sullivan; but Sullivan undertook to disguise the fact this time that he was putting them in there from his office, just checkerboarding them right in there to take charge of the office. So he put on there that Miss Evelyn Flattery, instead of being his own employee was an employee of Mr. A. S. Cain. I have here the New Orleans city directory for the year 1933, and it contains the name of Miss Evelyn Flattery. It says:

Flattery, Evelyn M., sec. John P. Sullivan, r. 222 Atherton dr.

Here is the New Orleans city directory for the year 1933, in which this lady was listed as the secretary of John P. Sullivan. He was a little bit more "cagey." He made her the employee of an employee, with him as reference, and with him as the notary public.

Three out of three! Three stenographers and secretaries in a law office, and all three of them leaving that office to go over to help take charge of the internal-revenue office in the State of Louisiana. Who doubts it now? But that is not half of it. It is just going back to the kitchen to get a little fire, just the beginning. We have not even shot from taw yet.

They did not stop with that. You do not know that gang. They did not budge, they did not wince.

Here is something I want to have go into the RECORD just before I go another step. I want this little extract from the New Orleans city directory to go in the RECORD so that he who reads may know that it is strictly carried out in the words of the spirit in the city directory. I send the directory to the desk in order that it may go in just as it appears in the directory.

Mr. President, before going further to present matters which will confirm everything I have said about this man, I want to send to the desk clippings from papers which are against me politically and personally. The first one to which I refer was not saying much about me for a while, but it got back in line after a little while. Listen to this:

Gamble finds easy victims in knee pants.
Handbooks operated in the public and parochial institutions.
Young bookies take bets of comrades.
Juvenile plungers always have recourse to usual operators.

It tells how they scientifically conducted a regular school throughout that city, through which they reached down into all the schoolrooms of the city and taught the children from 5 years of age up the art and science of betting on the race track that has been run by that gang of gamblers in New Orleans.

I ask to have this article printed in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit D.)

Mr. LONG. I send up an article at the same time from the Times-Picayune, the other paper printed in the city of New Orleans, of May 27, 1922, with the headline:

Race gamble denounced by school board.

I ask to have this article printed in the RECORD at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit E.)

Mr. LONG. Mr. President, in order that there may be no doubt about it, here is another article, printed on May 21, 1923, quoting the Times-Picayune, so that we have both together:

SULLIVAN SILENT ON SLAM BY T.-P.—AT LEAST TODAY

"I don't care to discuss the matter—today", said Col. John P. Sullivan, when queried Monday concerning an editorial criticism appearing in Saturday's Times-Picayune.

That part of the editorial criticizing Colonel Sullivan reads: "Is it because John P. Sullivan has attended too constantly and obsequiously upon the Governor's footsteps?"

That was when Governor Parker was Governor of Louisiana—

"And with too much profit and prominence to himself?

"That, too, is a small reason, for John's battalions are in disarray, and he is not the stuff of which permanent commanders are made. The possibility of his continued great captaincy in New Orleans was exchanged for a B.M.R.A. fee, and Carrollton and the barracks were set as bounds to his influence by its acceptance."

I have other clippings, but it will not be necessary to read them.

Now I go a little further. I want to show that they have not stopped by just taking charge of that office. I want to show that with the most conscienceless robbery, the most unbridled effrontery and rottenness that have ever been known, the institution led by this clique has reached down to pick the bones of destitute home owners of this country, and I am now going to prove it by evidence in writing.

Somebody asked if Sullivan was not once a friend of mine. It may be said all to my glory that he was trying to impeach me 10 months after I had been elected Governor of the State. At least, if he were my friend, he could not stand my kind of government more than 10 months and has not been able to stand me since.

Mr. President, I cannot give proof of what I am about to say in writing, but I have a witness who will testify tomorrow that there was a certain employee, at the least, who was in the internal-revenue office, and Mr. Sullivan himself trans-

ferred him to the Home Owners' Loan Corporation operated in New Orleans under Paul B. Habons, whom the public press said was appointed at the instance of Col. John P. Sullivan, Bradley's partner. It is a matter of public record that this appointment was made by Mr. Sullivan. I will have a witness here to testify tomorrow, if he does not die tonight, and he will swear, Mr. President, as to the transfer that was made out of the internal-revenue office into the office of the Home Owners' Loan Corporation.

What have they done with the home owners in New Orleans? I have here, Mr. President, a letter that has been admitted to be true in the public press by many of the parties who were affected. Listen to me while I tell you the rottenest graft that has ever been perpetrated on a suffering people. There were building and loan or homestead associations in existence in Louisiana. The stock of the building and loan associations had gone down to where it was not worth more than 25 or 30 or 50 cents on the dollar. In other words, the Homesteads had loaned their money to people to buy their homes; and their stock, by reason of the depression, had gone down to where it was only worth from 25 to 50 cents on the dollar. In comes the Home Owners' Loan Corporation. They put Sullivan's man in charge of that corporation. Then did they loan a man the money to take up his home loan? Here is how they loaned it to him. They organized various and sundry concerns that are being operated, Mr. President, by some of the very men or henchmen of men who were appraisers in the Home Owners' Loan Corporation, and some in which Mr. Paul B. Habons himself has a direct interest in, and in some of which other henchmen of Sullivan's are officers and directors of interposed corporations, who go out and buy this stock for 25 or 30 or 40 cents on the dollar, and then they take that stock to the Homesteads, and they swap the stock dollar for dollar for the amount that the man owes on his home, or that the home is supposed to have cost him in the first place.

The home-loan bank sits right by at the same time so that the Homestead cashes its stock at from 50 cents down to 25 cents for the obligation, and the Government gives the interposed corporation 100 cents on the dollar of home-loan stock, and the Homestead takes its half and the interposed person or corporation takes the other half. So that when a home owner borrows \$4,000, \$2,000 of the stock goes to building and loan corporation, which takes over the home, and \$2,000 goes to the friends and henchmen of the Sullivan swindling organizations that have been set up in that city.

Do we need doubt it? It is done right out in the open. What else does one expect with such a thing going on in this country?

Here is a letter from a poor little old school teacher who had taught school all her life. She is 56 years old, a poor little old unmarried woman, struggling all her life to buy a home. I read the letter:

My loan was for \$3,638.70 from the Home Owners' Loan Corporation. I signed as I did because I was told Washington wanted it done that way to get the loan.

People are called in and told that Washington wants it done that way. I do not know, Mr. President, what part of Washington she is talking about, but there are some people up here whom I would not put it past to do just that thing. She is told that Washington wants it done that way.

I don't know anything about the matter except that I was to get an extension on the loan through the Home Loan. There was supposed to have been some charges for taxes, insurance for 3 years, etc., but I never got any receipt for any of it, and when Washington wrote for them I went to Mr. Levy, of the Home Loan, and he said that they had the receipts. I do not yet understand the reasons for all matters.

ALMA BAUM.

In this instance, Mr. President, we have not been able to find the exact amount of the rake-down. It amounts to a considerable amount of money, probably \$1,000 or probably \$600. But I have the letter from this lady to back up my statement.

I have a letter which was sent out by the State bank commissioner of the State of Louisiana, whose department had supervisory jurisdiction over the homesteads in Louisiana.

The practice I referred to became so rotten that the State banking department published a letter, which I am about to read, in the newspapers on this past Sunday, and coincident with the publication of this letter there were statements admitting that that kind of practice to some extent was going on, and they undertook to put on an air of injured innocence, and would make an investigation, when as a matter of fact those scoundrels were the ones who were doing the thing complained of, and were organizing interposing organizations, and they are in those organizations today. I can call the names of some of them if it would do any good. Some of those who are in the interposing organizations are appraisers. They will go out and give any kind of appraisals they want to give, because all they have to do is to buy the stock in the homesteads at the price of 30 to 50 cents on the dollar; and after they get it, it goes up to 100 cents on the dollar simply by the operation of appraising the property at \$8,000 and buying \$8,000 worth of stock at 50 cents on the dollar and making the Government spend the balance.

Does anyone mean to tell me that such is not a penitentiary offense? Does anyone undertake to say that those scoundrels ought not to be in the jailhouse today?

Here is what the State bank commissioner said in his letter dated March 31, 1934:

To all homesteads and building-and-loan associations in Louisiana:
Our understanding of the Home Owners' Loan Corporation was that it was to be used solely to help home owners save their homes or to recover them. It has become now generally known that persons or concerns run by them set up a scheme by which they get hold of stock of homestead companies at the market price, say, or from 25 cents to 50 cents on the dollar; that previous arrangement—

Listen to this statement. The truth of the letter is not disputed. On the contrary, it is admitted that it is true by both the newspaper publications I have referred to, by statements from other people which they have published, in which it is said that the practice should be corrected. I read further—

That previous arrangement is made for an appraisal on some home mortgaged to a homestead, or already surrendered to it in settlement of a mortgage; that then the loan is executed at the same time as the several transfers of the home is transferred finally coming from the homestead to the home owner, so that the homestead gets, say, \$5,000 of its own stock, bought for \$2,500—

Maybe less than that—

and the Home Owners' Loan Corporation issues \$5,000 of bonds, and the interposed person, or concern, manipulating it gets the extra \$2,500 of the Home Loan funds.

That, Mr. President, is what is going on, and we cannot expect anything else to go on with this kind of situation prevailing in Louisiana. We cannot expect it to be any better than it is. The State bank commissioner further says:

This kind of transaction has been repeated without number, organizations to extend the scheme are springing up, and a fraud the like of which we have never seen is rampant in this State.

We hereby order hereafter, therefore, that no such thing be done as an exchange of stock of a homestead for property to be used as the basis of a loan from the Home Owners' Loan Corporation or for any other purpose and we shall ask investigation of this specie by the Government as far as it has gone.

Yours truly,

J. S. BROCK,
State Bank Commissioner.

Here is a letter written by the State bank commissioner, a copy of which I have, and which letter was published by the newspapers. The letter was sent to all public officials of the State of Louisiana, and I understand it was sent to the two United States Senators. The letter is as follows, dated March 31, 1934:

HOME OWNERS' LOAN CORPORATION,
Washington, D.C.

DEAR SIRS: We enclose you a copy of letter showing the rampant fraud being perpetrated here on which we ask your investigation and action. May we hear from you?

Yours truly,

J. S. BROCK,
State Bank Commissioner.

Mr. President, I do not want to take up very much more of the time of the Senate. I think I have proved the case about as thoroughly as it can possibly be proved by written

and undisputed testimony. I do wish to show to the Senate a little more, in order to indicate that I have not overstated what has been going on there.

We have a barge-line service operated by the United States Shipping Board. I send to the desk and ask to have read by the clerk a newspaper item.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

FITZPATRICK MAY GET POST—CIVIL-SERVICE OFFICIAL IS SLATED FOR SHIPPING BOARD DIRECTOR

John J. Fitzpatrick, 54 supervisor of the city board of civil-service commissioners since 1929, will be named district director of the United States Shipping Board bureau in New Orleans within the next 2 weeks, it was reported yesterday.

When he was asked about the report, Mr. Fitzpatrick refused to comment. He will replace A. G. Malone and, according to reports, will be succeeded as civil-service supervisor by Henry C. McCarthy, secretary of the board since 1929.

Mr. Fitzpatrick's appointment, it also was reported, will be made through the influence of Col. John P. Sullivan. Colonel Sullivan is a brother-in-law of Mr. Fitzpatrick.

Born in New Orleans, Mr. Fitzpatrick was educated in the public schools of the city. He was the son of the late Maj. John J. Fitzpatrick. He was graduated from the United States Naval Academy and occupied several positions in politics before he became civil-service supervisor, at one time being employed in the office of the tax collector for Orleans Parish and later occupying the post of registrar of conveyances.

Mr. LONG. That Mr. Fitzpatrick was supposed to have held the position of civil-service examiner, having been appointed by the mayor or the city council. Mr. Fitzpatrick formerly set out to run as candidate for office in the city of New Orleans, and was suddenly withdrawn for reasons well known in that city. He has now, however, been found to be thoroughly eligible to take charge of the shipping board because he is a brother-in-law of Mr. John P. Sullivan.

I looked through the files to ascertain if any other persons had been recommended by Mr. Sullivan. I found some rather funny things. I found in one instance where the blank contained the query, "State who your representative is and who can speak for you", that there was no reference whatever in the blank in reply to that query, but that Mr. Sullivan was the notary and the party was immediately given the job. There was no reference whatever in the blank to anybody else.

I have here, Mr. President, 12 of the appointments that I took this morning from the files which were submitted to me by the Commissioner of Internal Revenue, Mr. Helvering, all of whom were either recommended by or contained the notarial certificate of Mr. Sullivan or someone in his office, or both.

I also have another letter here, having proved this connection, all of which I stated I would be in a position to do; and I am glad to say that I am able to prove it in writing by the record without having to go to a single living friend of mine for testimony. I have a letter sent to me unsolicited, which I understand, on inquiry, is from a responsible attorney in the city of St. Augustine, Fla. I send the letter to the desk and ask that it may be read.

The PRESIDENT pro tempore. Without objection, the letter will be read, as requested.

The legislative clerk read as follows:

ST. AUGUSTINE, FLA., March 31, 1934.

Senator HUEY P. LONG,
Washington, D. C.

DEAR SIR: I am writing you a hurried note. I am an attorney at St. Augustine, Fla., and was formerly general counsel of United Mine Workers of America of Indiana, and formerly lived at Terre Haute, Ind. I was associated with Charles Evans Hughes in defending the coal conspiracy cases. The Honorable William R. Green, president of the American Federation of Labor, or John L. Lewis, president of the United Mine Workers of America, are familiar with me and can tell you about me.

The press reports state that Senator BARKLEY stated on the floor of the Senate that no one in Florida would say anything against Colonel Bradley. I have made an exhaustive study of his life and doings of his past 40 years in Florida, and I will briefly mention a few of the facts:

Ed Bradley was not a "colonel" when in the early nineties he asked the privilege of setting his Fairbank game into Stewart's gambling place in St. Augustine. He then was just a tin-horn gambler. He prospered and is reputed to have done so at Stewart's expense. He then entered into a combination with the then

mayor of St. Augustine and another person on the city council to organize a gambling place known as the Bacchus Club.

He operated this club, and the mayor and councilmen were supposed to be silent partners, but at the end of each season he would report to them that the club had shown a loss, or no profits. The money he made at this club was invested in Palm Beach in his "Beach Club", which is one of the famous gambling places in the world. He is operating that now, and it was brilliantly lighted last night. I can substantiate what I have said about Bradley during his operation in St. Augustine by reputable citizens of that city, one of which rented him the house for his club, and another who used to deal cards for him, and crooked cards at that. While in St. Augustine he organized a crew of small gamblers to operate a three-shell game at the expense of the winter tourists in St. Augustine. One oldtimer, who used to work for him, said he used to go up and divide the "swag" by candlelight with Bradley, but that now Bradley will not let him enter the bright lights of the "Beach Club." To get something of the character of this person, he and his brother Jack financed the notorious Dr. Cook in his bogus discovery of the North Pole. Examine the files of the newspapers at the time that Dr. Cook first electrified the world in announcing he had discovered the North Pole. The Bradleys then were glad to get credit for financing this wonderful feat, but they have been strangely silent when Dr. Cook was found to have been a fraud and an imposter. If one will carefully make an unbiased examination of Bradley's career, it will be a sordid story of crooked dealing, fraud, and swindling.

I am calling your attention to the allegations of paragraph 8 of the enclosed third amended bill of complaint, which I filed and which is now pending on demurrer in the circuit court of this county. Bradley used to pay R. C. Baker, as sheriff of this county, the sum of \$50,000 a year for "protection" in having a monopoly in gambling rights in Palm Beach.

This arrangement lasted from March 1920 to the time of Baker's death in February 1933. He had certain arrangements with Capt. George Baker, who was sheriff for about 10 years previous.

Capt. George Baker was the father of R. C. Baker. You must know, Senator, that no man can run such a stupendous club without having some understandings with the local authorities. Also publicity would hamper him so that he could not run. For this reason he had to control the two newspapers here, viz, the Palm Beach Post and the Palm Beach Times. In the last few years I know that he advanced to the Palm Beach Post \$100,000. I got this from a man on the Post who made the deal with him. Last summer the Post went through bankruptcy and was sold at a trustee's sale, bought by Barry Shannon (Bradley's secretary), who in turn transferred the Post to a new corporation organized by Bradley last month. The new corporation is Palm Beach Publications, Inc., of which Shannon is on the board of directors and Judge E. B. Donnell, his personal attorney, is also on the board. One attorney for the Post (Charles Warwick) told me that Judge Donnell supplied \$65,000 to take care of the Post debts.

The Palm Beach Times was owned by a corporation having an authorized common stock of 4,000 shares, of which R. C. Baker owned 3,058 shares and L. R. Baker 406 shares. The R. C. Baker estate owned about six sevenths of the stock issued, as shown by the books of the corporation. R. C. Baker died leaving three little girls as his heirs, children by a former divorced wife, who is their duly appointed guardian. He also left surviving him a second wife who is coadministratrix of his estate. A local bank here is the other administrator appointed at the instance of the children.

Bradley, of course, wished to get control of the Times and gain a complete monopoly of the newspapers here. Owners of gambling joints do not wish stories to get out when men have lost their all and have committed suicide, nor do they care for papers to print pitiful stories of men that have lost their fortunes.

Under our corporation laws of this State, a corporation cannot dispose of all its assets without a majority of the stockholders voting to do so. Bradley, through his various agents and attorneys, persuaded and procured Kathryn Baker, as coadministratrix, to attend a hurried-up stockholders' meeting and pretend to vote 3,058 shares of stock in the name of R. C. Baker, deceased, so that the Times Corporation could and would transfer all its assets, personal and real, including the Times newspaper, over to Bradley's corporation, viz, the Palm Beach Publications, Inc. Now, mark you, this poor woman did this over the violent protest of her coadministrator, who refused to give a proxy or consent to this rank fraud. Now, mark you again, immediately following this crooked piece of business the officers of the Times Corporation executed a bill of sale and a deed to Bradley's new corporation, without the estate getting any benefits or consideration. Through these frauds Bradley has gotten control of all the newspapers here and has robbed three innocent little girls of obtaining any prospective right to inherit their share of stock in this newspaper plant conservatively worth \$100,000. Now, mark you, Bradley's new corporation, for all these assets and newspaper, never put so much as one thin dime into the treasury of the Times Corporation as consideration for the things it received and are now trying to grab off a \$1,450 deposit to the credit of the Times in a local bank.

I have never tried my case in a newspaper in my life, but please remember, Senator, we have nothing to conceal, but you can appreciate that these two newspapers have been very careful to

keep our court proceedings out of all press dispatches. You are at liberty to use this letter in any way you see fit.

Now mark you, Senator, Bradley has so dominated the politics of Palm Beach County for so many years that the mother of these children could not get legal representation in this (Palm Beach) county, and Mr. B. A. Lopez (of Palm Beach County and formerly a deputy for Mr. Baker) came up to St. Augustine and employed me, at the instance of the guardian and mother of these children, to go into this case. If the court dismisses our bill, I am going straight to the Supreme Court of Florida.

The United States Government was about to put an income tax lien against R. C. Baker's property, which would, of course, have attached against these 3,058 shares.

A meeting was had at the El Comodoro Hotel in Miami, and following this conference Baker assigned these shares over to E. R. Bradley under a pretended loan of some \$40,000 as a justification for the transfer. Bradley and Baker were in this predicament. About this time Baker paid a fine in the United States Court for violating the income tax law and afterwards made some kind of a pauper's oath to relieve himself of the lien. But Bradley, true to fashion, is still claiming a pledgee's lien against this stock. Bradley does not easily give up when once his hands get hold of something that he wishes.

In all this you will understand Baker and Bradley were in this dilemma. If Bradley reported this \$50,000 payable annually to Baker, then Baker would be called upon to pay income tax and would also be subject to be removed from office by the Governor for the taking of bribes. On the other hand, if Bradley did not report this to the Government, he would lay himself liable for violating the income tax law as well for violating section 37 of the United States Criminal Code, providing an offense for conspiring to defraud the United States Government for any purpose.

I am informed that they made some sort of an arrangement by which certain reports would be made, but that it would be annually charged off as profit and loss. The statute of limitations has not expired against Mr. Bradley for the reason that Mr. Baker did not die until February 23, 1933. If you can get this information from the Treasury Department for me, it would help three little children who are being victimized. I have in my possession valuable evidence to prove these terrible allegations of fraud on Bradley's and Baker's part. Please remember, Senator, that Bradley is one of the biggest gamblers in the United States; that he paid Baker in bribes presumably \$650,000 for the maintenance of an evil against the public policy of the State of Florida, and that it involves an attempt to deceive, cheat, and defraud the Government of the United States.

It so happens that Mr. Frank Wideman, of West Palm Beach, Fla., is an Assistant Attorney General of the United States, and, according to press reports, is in charge of income-tax evasion cases. Mr. Wideman's reputation is of the highest and in every sense is above reproach. You can appreciate the possible embarrassment of Mr. Wideman in taking action against his fellow townsman. I voted for Mr. Wideman myself. I have every faith that at the proper time he will do his full duty. But, of course, you can appreciate that Mr. Bradley has such tremendous political power in Palm Beach County and the State of Florida and will involve certain of his friends and neighbors that he would, perhaps, prefer that someone else would take charge of these matters.

Will you object to laying this matter before the Attorney General himself?

The people of this community and the whole State of Florida are glad of the new deal. I hear on every hand a new hope that the Government is going to take action against the Morgans, and the Mellons and others of the same ilk. I say in all seriousness and solemnity that E. R. Bradley has spent a lifetime in corrupting public officials, polluting the fountains of justice, and stifling a proper administration of law and order, in order that he could prey upon society through his illicit operations in defiance of law. Please remember, Senator, that I am here relating the payment of larger bribes than was paid to Jimmy Walker in New York and far in excess of the hundred thousand that Albert Fall got in the little black satchel. It was \$235,030 in the way of a gift that caused Jimmy Walker to resign, and it was the little black satchel that sent Fall to prison. Senator, you would be surprised at some of the witnesses who know about Bradley's payment of the \$50,000 annual bribe. Please read my third amended bill, and I will only be too glad to assist in eradicating an evil which is eating as a cancer at the very heart of our body politic.

Sincerely yours,

H. A. HENDERSON.

Mr. LONG. Mr. President, upon receiving that letter I immediately issued a summons to the writer asking him to come here tomorrow. I do not know how much of his testimony will be received, but he will be on hand tomorrow personally and gladly with the documents to give support to what he has written to me.

I am also going to communicate the contents of that letter, together with the request, to the Attorney General of the United States, asking that the Department of Justice give these people the chance they have asked in the letter.

Mr. President, I think I have fairly demonstrated, at least tentatively, that I was not in terribly bad faith in having

imputed to Mr. Bradley that he ran a gambling house. With these remarks I yield the floor.

EXHIBIT A

[From the New Orleans States of Friday evening, Feb. 9, 1934]

ARMED MEN GUARD MRS. COX—HANDBOOKS ARE CUT OFF FROM FAIR-GROUNDS' SERVICE—"SERVICE" TO "BOOKIES" ON NEW ORLEANS RACES STOPPED—ORDER, LAID TO POLITICS, PERMITS TOWN BETTING ON OTHER TRACKS

The "lid" was clamped down good and tight on New Orleans horse-race betting pool rooms Friday. Operators of handbooks were told there would be "nothing doing" in the way of service and "line sheets" from the Daily Racing Form Publishing Co., which is under the same ownership as the General News Bureau, which latter organization furnishes the pool rooms of this country with service on the races. Service means everything that can be of assistance to a race-track better in "playing the ponies", from scratches early in the morning to a "call" on the races during their progress.

While none would be so bold as to express an opinion as to the source of the orders to "lay low" on Fair Grounds racing, it was freely rumored such orders came right from the city hall and through the police department, the Racing Form, and the General News Bureau. Last week word had gone down the line that any pool rooms "dealing" the Fair Grounds races would get themselves in trouble. Most of them thought it was just a gesture intended as a political balm to Col. John P. Sullivan for the latter's support of the Old Regulars in the city election. But Colonel Sullivan has since proved to the satisfaction of most of those who laid the blame on his doorstep that he is interested in the Fair Grounds only to the extent of seeing the Crescent City Jockey Club meet the notes and interest due him and Col. E. R. Bradley for payment for the Fair Grounds.

Now it seems the powers that be in the administration want to name the man who will be manager of the local office of the G.N.B., and the news association's refusal to grant that wish has prompted an investigation of the legal status of the General News Bureau, as there is a law against the aiding of handbook betting, no matter how such aid is given.

Since the refusal of the Racing Form to furnish "line sheets" on fair-grounds racing to the handbook operators, and the advice from the G.N.B. that no "service" would be given practically puts the handbooks out of business as far as accepting bets on the local races is concerned, it is not hard to see how much the G.N.B. and its sister organization aid handbook betting.

When everything is "oke" politically and otherwise and the town which is wide open on everything else is as wide open on fair-grounds racing, the G.N.B. flashes out a service that keeps handbook operators and the betters apprised of even the slightest fluctuation of odds.

The "call" on the races can be heard coming out of pool rooms on almost any corner of the business district. "At the quarter, The Spaniard by three!" comes out over the loud speakers with which almost all the big pool rooms are equipped. And if a horse stumbles or throws his rider or gets in a jam at the half-mile post or goes the "overland", that comes direct from the track.

Now all that "service" is to be eliminated until things are "patched up." The pool-room operators, employing hundreds of "votes", are up in arms, because they say this is their only chance to make money—booking the fair-grounds races. Many of them have called on Mayor Walmsley and Superintendent of Police Reyer and asked, "How come?"

But until the General News Bureau of Chicago accedes to a few demands said to have been made, it is going to be tough on those who expect or hope to risk a few hard-earned or otherwise-acquired dollars on the ponies at the fair grounds.

However, Miami and Tampa Downs are running. And everything is "jake" on action on those two tracks. So the New Orleans handbook patrons will have to start playing Florida races or lay off until this little mixup blows over.

EXHIBIT B

[From Collier's, Feb. 26, 1927]

THEY LOSE AND LIKE IT—BEING SEPARATED FROM YOUR MONEY AT THE "BEACH CLUB" IS AS PAINLESS AS HAVING YOUR HAIR CUT—HERE'S HOW IT IS DONE

By Owen P. White

They call it the "Beach Club", but as the only beach near this gilded emporium of chance is the one on the souvenir post cards (the real ocean being a mile and a half away) the people who know the place best—and the most to their sorrow—merely speak of it with feeling as "Bradley's."

Of course, I am talking about Bradley's of Palm Beach, and I am quite positive that anyone who has been there, either as a looker-on or a comer-on, and who has likewise strayed into similar establishments in other corners of the world, as I have, will agree with me when I say that it is the sportiest and classiest gambling house in the world.

It's strange the way they do it. But down at Bradley's you lose and you like it! There's something anesthetic about the Bradley atmosphere that renders the operation of separating a man from his money as painless as a hair cut, and enables a player to sit up and watch his cash dribble away from him with as much nonchalance as if he owned the mint, and as if nobody

had ever invented such an unpleasant thing as a first of the month.

The very attendants around the place make a piker feel like a plutocrat. His slightest wish is gratified even before he begins to realize that he had one. He feels like smoking, and a flunky in the rear begins to light matches. He is going to be thirsty (he doesn't realize it himself, but a psychological expert 10 paces in the rear has analyzed the symptoms and rushed for the ice water), and when the dryness appears so does the drink.

They do everything the same way. Even the dealer on the other side of the table says, "Thank you", as he rakes in your contribution after each turn of the wheel or each flip of a card. It's a nice place, this Bradley's of Palm Beach!

THE EAST MARK'S CLUB

Theoretically, it is against the law to run a gambling house in the State of Florida. But what difference does that make? A mere unsupported theory hasn't any more chance to stand up against Mr. Bradley's million-dollars-a-season industry than the patrons of his games have of walking away with the bank. But, being a law-abiding citizen, Mr. Bradley allows the theory to remain undisturbed and calls his place a "club" instead of a gambling house. There are those who say that he cheerfully distributes half a million a year—which is charged to expense and contributed by the suckers—among the needy Florida politicians who will do him the most good. This report, however, cannot be confirmed.

Becoming a member of Mr. Bradley's "club", however, isn't like joining the Elks or securing membership in a Rotary Club. Not at all. In order to secure the privilege of getting plucked, along with the socially elite who forgather around the gambling tables in Mr. Bradley's exclusive establishment, all that the ambitious one has to do is to get some previous sufferer to introduce him as a candidate for sacrifice who can pay his losses and who won't squeal.

Women are admitted to membership with the same hospitable lack of formality. Hence, it befell that, one afternoon, as I was standing in the establishment talking to a newspaper editor and saw a woman bet her last chip, lose it, get up, and walk away (while instantly another woman slipped into her chair), I remarked: "One sucker trimmed, and even before they can holler 'Next' another customer is in the seat."

"Yes", said the editor; "it's a continual process, and I think I'll write an editorial on the idea that Florida has a very punk oversupply of poor roulette players of both sexes on hand that it would like to trade off for a few good housewives and dirt farmers." An admirable subject.

Mr. Bradley's past, although it was in all probability quite lurid, is not as replete with detail as we might like to have it. He and his brother are said to have started out to achieve success as bartenders and saloonkeepers. Later they took up gambling as a profession and together they drifted down to the settlements in New Mexico.

This was in the early eighties, and naturally the brothers soon found their way into El Paso, which town was at that time the headquarters of the sporting element of the Southwest. Here, so the story goes, they went to work for Messrs. Morehouse & Burroughs, gentlemen of parts, who owned and operated a string of houses.

In the course of time one of the Bradley brothers, in bucking his own game, made a stake. He added to it gradually, and one night after it had grown into a substantial sum he sat in a game with his employer, Burroughs. Before the evening was over he was the owner of the latter's interest in the M. & B. enterprises. Thereafter the two Bradleys got together, bought out their other employer, Morehouse, and became the owners of a lucrative business.

(Whether or not the Bradley brothers ever operated the Silver Dollar in Tucson, a gaudy place in which all the dealers at the roulette, faro, crap, and monte tables were girls, doesn't appear in the record. At any rate, this house was at one time owned by the M. & B. combination.)

None of this information, however, comes from the Mr. Bradley who is now running the business at Palm Beach. The Mr. Bradley of today is a fashionably dressed, quiet, assured gentleman of about 70. He is merely a grown-up edition of the quiet, assured young gentleman of the early eighties who used to drive a white pacing horse up and down the dusty roads around El Paso.

Today, as in the old days, money bulges from his every pocket. How much cash Mr. Bradley carries nonchalantly around with him it would be hard to estimate. I saw a man ask him for three \$1,000 bills in exchange for some trivial ones of \$100 and \$500 caliber. Mr. Bradley replied by carelessly sticking his hand in his pocket, pulling out a roll that would wad a 16-inch gun, and casually peeling off the three grand.

WHAT WILL HE DO WITH IT?

A moment later an employee needed a few thousand, and the Bradley hand, going into another pocket, produced another roll capable of producing as much envy as the first one.

That particular day was the only one on which I found Mr. Bradley to be at all talkative.

"How much", I asked, "do you lose in a year on the people who run out on you without paying?"

"Oh, not much. It was \$180,000 last year."

"Can you ever collect it?"

"Not a chance in the world", he replied. "All I can do is to keep them out hereafter. I won't pester them for the money, and I can't be mean about it. Maybe they've gone overboard."

It's easy to do that in this place. So I give anybody who loses a chance to even up if he wants to take it.

"I'll match any of them, or cut the cards, or settle it any way they want to, for double or quits. But that's just once a night, understand. I won't keep it up, because if I did, the player would eventually be bound to win. If he wins on the first turn, he's even, and that suits me. All I charge, then, is the regular percentage which the house makes on all insured bets.

"There's one woman (Mr. Bradley mentioned her name, but as it might cause a rift in the domestic relations of a socially prominent New York family for me to do so, I will be more discreet) who matched me, double or quits, 18 different times and thereby won back all she had lost."

"Mr. Bradley", she said, "I don't think this is fair."

"But it was fair", said Mr. Bradley. "That woman's a good sport."

And so is Mr. Bradley. He is worth millions, and he made them by being a good sport. I looked at him carefully and wondered. For years this immaculately clad old gentleman has led a life which has kept him out of bed until daylight every morning. Yet there are not as many marks on his face as adorn the faces of his Wall Street patrons, many of whom are much younger than he. "But", I thought to myself, "this is his life. It is all he has lived for for years, and if he gives it up, he will die."

Mr. Bradley must have read my thoughts, for he said: "When a man dies owing me any money I tear up the slips and forget it. One died the other day. He was in for \$6,000. But that debt is now off the books. I can't ask his people for it because maybe his family didn't know of his weakness. And, of course, I can't sue a loser. The law doesn't recognize a gambling debt."

This old man almost had me convinced that he was a philanthropist. But I have never heard that he is one. His money may go to charity after his death—some people, who speculate about such things, say that it will—but, now that he is alive, he has other uses for it.

He runs a breeding farm in Kentucky, raises thoroughbreds, and during the season devotes his time to the "sport of kings." Some of his money has also gone into other enterprises. He is said to have put up the cash for an exploring expedition of some kind into Africa, and, according to the report, he was likewise one of the "angels" who financed Dr. Cook in his trip to the pole—not the one to the pen.

I asked Mr. Bradley if he ever "went against the bank."

"I did a few times, at Saratoga, last year", he replied. "I won a thousand one night after being on the rail for a good deal, and another night I took down three thousand."

ONLY A LITTLE MATTER OF \$30,000

So much for Mr. Bradley. Now for his establishment. It is a quiet-looking white building located in the center of Palm Beach. Its doormen have Park Avenue manners, and its atmosphere is that of an exclusive club. In fact, in one respect it is the most exclusive club in America. It excludes liquor; no member is allowed even to bring his own; and, on top of that, strange to say, it is here that the fashionable set dines and lunches. The prices, too, are quite reasonable. Quite. A nice lunch for four can be had for \$30 maybe, and a dinner at about the same rate.

But, notwithstanding the costliness of the food, the restless millionaires—either actual or imaginary—bolt it down rapidly and acquire indigestion in their anxiety to get through and get into the big room beyond. It is around this big room that all of the activities at Bradley's are centered. But to get in it you must check your hat. A photographer got in once with a camera under his hat and tried to take a picture.

There are only three regular games played at Bradley's—hazard, chemin-de-fer, and roulette, with the last one leading the other two in popularity by a mile.

To get in and gamble you must dress up. "Members" must wear evening clothes. Fine feathers make fine plucking.

The returns come in in the form of chips which range in value from 50 cents to \$25. The latter are green and if one wants to attract an audience, all he has to do is to buy a stack of green beans.

At the far end of the big room and over the entrance to a smaller one hangs a sign which reads "Private", but doesn't mean it. It means "Pikers keep out", and unless the person who strays into that holy of holies has a hundred thousand to lose he had better not play. It is there that the big fellows play with the bridle off and the north star as the limit.

Upstairs, in a third room, are two games of chemin-de-fer. This game, brought over from France for the entertainment of those who have been bitten by it when abroad, has greatly increased in popularity in the last few years. It is not banked by the house, like roulette, but by the players themselves. The bank passes from player to player and, for guaranteeing the solvency of the bank and supervising the game in general, the house charges 5 percent of all amounts bet.

In the chemin-de-fer games this year the minimum bank is \$500 and the maximum \$5,000. This means that no player is allowed to undertake to become banker to the game unless he has \$500 to begin with, and that he cannot draw down any of his winnings until he has reached \$5,000. If he wants to retire short of the \$5,000 mark, he must relinquish the banking privilege and pass it along to another player.

I asked Mr. Bradley why he didn't allow this game to be played with an unlimited bank.

"It gets too big", he replied. "I tried that last year, and they were winning and losing a hundred thousand an evening."

"As it is now, the average is usually about twenty-five or thirty thousand, and of course in a little game like that nobody gets hurt."

Roulette is played on a long table on which is a painted layout showing the numbers 1 to 36, alternately in black and red, and a single and what is called a double zero.

The croupier who spins the wheel starts an ivory ball going in a groove around the wheel in the opposite direction, and when the ball finally slows down and drops into one of the notched numbers it is that number and that color which win.

By properly placing his chips on the lay-out the player can bet in almost an endless number of ways. To outline even a few of them would take us beyond the limits of this article. It may be mentioned that at Monte Carlo a winning stake on one number will be paid 35 times. In no case, however, there or here, do the suckers get an even break.

Regardless of the unvarying percentage against the players (it is more than 5 percent), roulette is the most popular of all games of "bank" gambling. Men have been known to win fortunes at it—and to lose them also.

But the percentage which operates in favor of a roulette wheel, and which has made a millionaire many times over out of Mr. Bradley, formerly of the wigwam of El Paso, Tex., is not the only thing that works in his favor.

An old gambler said to me, "Why, I'll let Bradley take both the zeros off his wheel and pay him \$5,000 a night for what he makes."

"How do you figure that?" I asked.

"It's easy", replied the gambler. "The psychological percentage is bigger than the mathematical one. The suckers simply won't stay to win, whereas, on the other hand, they'll stick around forever to lose." By which this authority meant that if a player, with a thousand in his pocket, wins a couple of hundred he will be satisfied and quit, but if he starts to lose he'll hang on until his entire roll is gone.

If he had unlimited capital and increased the stakes to balance his losses, wouldn't he win in the end? No; the bank sets the maximum.

Bradley's now opens at 1 in the afternoon and closes at 4 in the morning. But at one time it was never closed. Then one night a millionaire got into the roulette game. By midnight he was "on the rail", which means in the hole, for \$135,000, and as that is considerable money even to a man of means, he decided to get it back.

A SOCIAL REQUIREMENT

He stayed and stayed and played and played. Dawn came and he was even. Six-thirty arrived, and he was surging ahead. Seven struck and he was "way to the good"—and at 8 he was just about as far into the game as the game had been into him.

After that experience Mr. Bradley thought there wasn't any use in staying open to accommodate obstinate people who didn't know when to quit. So he dug up the key and established a regular closing hour.

This seems to have discouraged many plungers, but it's still easy to find bankers (especially vice presidents), idle rich, brainless heirs, near-sports, movie magnates, and theatrical people hanging around the tables.

About half of Mr. Bradley's customers have their names in the Social Register, and in fact it must be that to lose a few thousand a year to this old gentleman is a social requirement.

"Here's my check for ten thousand", said a bored-looking chap. "That's my donation for the season; I won't lose any more than that. Don't accept any more of my checks and don't give me any more credit."

In 2 hours he was broke. "Well", said he, "thank the Lord, that's over with for this season."

With such contributions as this coming in regularly, Mr. Bradley is bound to succeed. He may have an occasional run of bad luck, but in the end he balances up. One night several years ago the players got into him for nearly a half million, and yet at the end of that season he showed up with a profit of a million and a quarter.

And the players, even the losers (which, of course, means most of them), all say that Bradley is a good sport. He can afford to be.

As he sits in his little office—lean, pale, inscrutable, unhurried, and unworried—he can afford to be a sport. Any man can who has a few millions in the bank and who knows that an inevitable mathematical percentage is at work for him day and night taking a few more millions away from a select and careless group of millionaires.

EXHIBIT C

[From the New Orleans Times-Picayune of Feb. 10, 1934]

"SERVICE" HALTED ON FAIR GROUNDS RACES AT BOOKIES—ORDER PREVENTS BETTING ON LOCAL TRACK AWAY FROM SCENE

The final step to prevent handbooks from accepting bets on horses racing at the fair grounds track was taken Friday when all service on the local race course was discontinued by the General News Bureau.

"Line sheets", containing the entries, jockeys, distance, weights, and the morning odds on the Fair Grounds track were not distributed by the Daily Racing Form Publishing Co., owned by the same company that controls the General News Bureau.

The General News Bureau discontinued the "run-downs" on the fluctuating odds and the post calls during a race. The only

information given by the General News Bureau on the Fair Grounds track was the winner of a race, without the price the horse paid.

While this lack of service on the Fair Grounds track made the "play" with the handbooks practically impossible, there was no curtailment of service on the Florida race tracks. "Line sheets" on the Florida tracks were on display, and the "run-downs" and post calls came through as usual.

It was about a week ago that the first move to prohibit handbooks from taking bets on horses running at the Fair Grounds was made. Handbook operators said they were instructed not to display the "line sheets" on the Fair Grounds.

Although Safety Commissioner Frank R. Gomilla and Police Superintendent George Reyer disclaimed any knowledge of the order prohibiting the putting up of "line sheets" on the Fair Grounds on the blackboards in the handbooks, several raids were made by police. The activity of the police, it was said, was limited to those handbook operators who persisted in accepting bets on Fair Grounds horses.

Some handbook operators said last week that shortly after the order was received not to display Fair Grounds "line sheets", a man said to be employed by the Fair Grounds race track appeared at the handbooks and left a number of complimentary badges to the Fair Grounds to be distributed among the patrons of the handbooks.

EXHIBIT D

[From the New Orleans Item]

GAMBLE FINDS EASY VICTIMS IN KNEE PANTS—HANDBOOKS OPERATED IN THE PUBLIC AND PAROCHIAL INSTITUTIONS—YOUNG "BOOKIES" TAKE BETS OF COMRADES—JUVENILE PLUNGERS ALWAYS HAVE RECOURSE TO USUAL OPERATORS

The race tracks of New Orleans have sucked the public and parochial school systems of the city into their greedy maw. Evidence of this fact reached the Item last week and has been investigated and verified. On the statements of the school children themselves, it was learned that boys in the sixth, seventh, and eighth grades bet their small savings and pocket money on the races, conduct their own "books", and deal directly with the regular handbook operators of the city.

In less than 5 hours after the investigation had started it was learned that children in the Beauregard, St. Philip, Maybin, and Warren Easton Schools and St. Aloysius College have learned the racing game from the bottom and are playing it as hard and fast as some of the group-up habitués of the city.

REMY DORR, JR., PLUNGES

At the St. Philip School was discovered the youth who bears the nickname "Remy Dorr", so dubbed by his youthful companions because he is "a regular plunger." His bets on frequent occasions have been so high that the juvenile bookmakers have refused to write his bets in their own books, but have relayed them to handbook operators, who it was hitherto supposed dealt only with mature men.

A significant discovery by Item reporters is the fact that these school children play the races only during the racing season in New Orleans. One youthful bookmaker disclosed this fact in the following language:

"They don't bet on Kentucks (meaning Kentucky races). I don't make books on 'em either. Too hard to dope 'em."

This revelation will doubtless be of interest to supporters of racing who maintain that the handbook evil is not affected by the local tracks—that the handbooks operate the year around. According to some of these bookies in knee pants much valuable information can be obtained at the track itself if a fellow has enough nerve to play hookey and go out and help exercise horses.

TEACHERS DON'T KNOW

The principals of the schools, of course, and the teachers, too, are in complete ignorance of the startling invasion of public-school circles by the race gamble.

"Gee whiz, no!" say the boys. "If they knew it they'd suspend the whole school!"

J. M. Gwoen, superintendent of schools, at the first intimation the Item had of race gambling in the schools, was asked then if he had ever heard of such a thing.

"I have not," he replied, "and I doubt very seriously if such a thing could be true."

First evidence of horse gambling in the schools came to light when a 15-year-old boy in knee breeches advanced the information that he got the money with which to build a junior Item airfone by risking his nickels on the ponies. He attends the St. Philip School, 721 St. Philip Street.

The nickels, dimes, and pennies of the 11- to 15-year-old boys in this school, according to the boys themselves, have long been going to line the pockets of the race gamblers.

A— is the St. Philip School boy who got his airfone by gambling on the horses. His winnings were made during the racing season here, but that fact he did not disclose until last week. The Item withholds his identity, as it will withhold the identity of other boys mentioned in this account, for reasons given elsewhere in this edition. It may be noticed, in passing, the alphabet has barely enough letters to afford this screen.

MAKE NICKEL "BOOKS"

"Sure they gamble", said A—. "All the time when the races are here. They bet nickels with each other and pay off when the results come in. One time I was 2 weeks behind in building

my first radio set because I was running in bad luck on the ponies. The kids in the fifth, sixth, seventh, and eighth grades nearly all gamble."

"Naw!" said B—, St. Philip School's leading bookie. "Its tough when they don't race here. The best time is when they run at the Fair Grounds. They don't bet on Kentucky. I don't make books on 'em either. Too hard to dope 'em."

The betting was at a low ebb in St. Philip recently, when B—, a 15-year-old lad was "hit hard." C— was the biggest winner in the event, "bumping" the "bookie" for \$1.50. D—, according to the testimony of the youthful bookmaker, is one of his biggest gamblers and best customers.

E—, F—, and G— were boys mentioned by the gamblers as the heaviest plungers. They sometimes bet as much as 50 cents and a dollar.

H—, another grammar-school pupil attending St. Philip, is a second bookmaker. D— is credited with having plunged heavily with him.

Two plungers who nearly "cleaned" Bookie H— recently were I— and J—, also St. Philip School pupils.

GAMBLE GRABS EVEN PENNIES

K—, a 13-year-old lad, A's, brother, told of plunging with nickel parlays, and placing anywhere from 2 cents to a dime on his selections. L— is another plunger, known as the "Remy Dorr" of St. Philip School. L— has been known to plunge so heavily that the "kid bookies" wouldn't accept his bets on their own hook but would lay them again with "the French market bookmaker", who takes bets from school children, according to the testimony of the juvenile gamblers.

The young race-horse fans all denied that the teachers or Miss Louise Howard, the principal, have any knowledge of the race-horse gambling that goes on at St. Philip School.

"Gee, man! If Miss Howard ever heard of that! Wow! She'd suspend the whole school. Uh, huh. Teachers don't know anything about it." Such was the explanation of K—.

"The French market bookmaker", who takes bets from children, is known to practically every boy who was interviewed. According to the boys, after school "the kids" hang around the St. Philip street intersection near the market waiting for the racing editions of the papers so they can collect—or trudge slowly homeward with hearts full of grief and minds full of bitter thoughts against the ponies that wouldn't "come in."

The testimony of M—, a 13-year-old pupil of St. Aloysius College, brings out that the race gamble is grabbing the nickels and pennies from their religious institution of learning.

St. Aloysius also has its bookmaker. His name is N—. N— takes the bets of several boys in the school, sometimes "paying off" on his own hook, sometimes relaying the bets to other bookmakers.

SUCCESSFUL "BABY BOOKIE"

Unlike the "baby bookmakers" of St. Philip School, N— has never been "hard hit." His career as a "bookie" has been successful, and N— has been prosperous. Last season was a good one for him. The boys at St. Aloysius are poor pickers, and the bookie "plays safe."

The plungers at St. Aloysius whose names were mentioned by some of the pupils of the school, aside from N— and M—, are O—, P—, and Q—.

R— was named as another bookmaker in this institution. A boy whose name is S— makes a handbook and gambles with other boys as well, according to the testimony.

The gamblers include boys no more than 11 years old.

Warren Easton Boys High School has not been free from the evil. Interviews with several boys of the high school brought out the information that T— was a prosperous bookmaker during the last racing season at New Orleans.

High-school gamblers and plungers who placed bets with T—, are U—, one of the star athletes of the school, V— and W—. All three boys have made excellent athletic records at high school and elsewhere.

That gambling has spread wildly among the children of the city is undeniable in the face of the testimony of X—, a 14-year-old pupil of Beauregard, who says several of his friends "play the races", but he personally preferred to place his bets on the White Jacks, the baseball team on which he plays.

Evidence of gambling on the races at Beauregard and Maybin Schools was received, but names of the "bookies" and plungers could not be ascertained. It is said, though, that Beauregard boys "play hookey" and exercise horses at the Fair Grounds during the racing season.

EXHIBIT E

RACE GAMBLE DENOUNCED BY SCHOOL BOARD—BODY VOTES 4 FOR AND 1 NOT BALLOTING ON RESOLUTION—TILT COMES AS MOISE STANDS FOR SHOWDOWN—PRESIDENT MURPHY GETS IN LINE, BUT SCHAUMBURG FIGHTS ACTION

Race-track gambling was formally denounced in a resolution adopted by the board of education Friday night.

All members of the board, with the exception of Henry C. Schaumburg, voted for the resolution, and Mr. Schaumburg announced he personally favored abolition of race-track gambling, but did not think it proper for the board to go on record.

Percy H. Moise introduced the resolution at the close of a 3-hour session.

"Mr. President", he said, "I move that the board of education of Orleans Parish go on record as absolutely opposed to the continuance of race-track gambling in New Orleans."

TILT OVER MOTION

"I don't believe it is within the province of this board—" began President Daniel J. Murphy.

"Then you won't put the motion?" inquired Moise, sarcastically.

"I don't believe it is the place for the board to go on record in such a matter", interrupted Schaumburg. "My attitude on this subject is well known—I have always been against race-horse gambling—"

"I demand a vote", cried Moise, jumping to his feet.

"I'll put your motion, Mr. Moise", said President Murphy.

When he put the motion, Mrs. Baumgartner, only woman member of the board, voted for it, as did William Frantz and Moise.

MURPHY GETS IN LINE

"I cast my vote for the motion", said President Murphy after the others had voted. "I exercise the chairman's privilege."

"I demand under the rules of the board that Mr. Schaumburg go on record", cried Moise.

"I will excuse Mr. Schaumburg from voting", said President Murphy. "He has explained his position—"

Schaumburg then proceeded to reiterate his statement that personally he opposed race-horse gambling, had always done so, but did not think the board should go on record.

NO BOYS BETTING REPORT

The vote thus stood 4 for the motion of Moise and 1 not voting.

The only other action of the board dealing with race-track gambling was the statement of Schaumburg that as a member of a committee of two named to inquire into alleged race-track gambling by school children, he was not ready to report, but had been assured affidavits bearing on the subject would be available next week for the board's consideration.

PROCESSING TAX ON JUTE BAGS

Mr. BORAH. Mr. President, before we resume consideration of the revenue bill I wish to invite attention to a matter which is of very great moment to the State of Idaho and the Western States in general.

As those familiar with conditions in the Western States know, what is known as a "jute bag" is used universally in the shipment of wheat, beans, onions, potatoes, and so forth. It is an indispensable factor in the transportation of those products to market. Last December, I believe it was, a processing tax was laid upon jute bags. It now transpires that the entire tax has been transferred and is being transferred to the producers of wheat, beans, onions, potatoes, and so forth. It has become oppressive. It is a tax upon the farmer. It is a tax upon the man whom we are professing to be anxious to relieve.

I know of no reason why the tax should be levied except that the jute bag is supposed to be in competition with the cotton bag. As a matter of fact it is not. Shippers of the products which I have mentioned cannot use the cotton bags. There is no competition whatever, so far as these products and the shippers of these products are concerned, between the cotton bag and the jute bag.

It is an extraordinary situation that presents itself. Here is the taxing power of the United States under the Constitution—the Congress—and yet here we find a tax which the Congress did not impose and cannot remove or remedy. The Congress has seen fit to delegate away its taxing power to such an extent that the only power we now have is, as it were, in the nature of a petition to the authority to whom we have delegated the power which the Constitution dedicated or confided to the Congress. I am exercising today, therefore, with due humility, I trust, the right of petition as a Senator of the United States, petitioning a department of the Government to relieve my people of an unjust and exorbitant tax. Shorn of all power to repeal the tax, Congress may petition.

I read a few messages and letters bearing on this subject. I read the following telegram:

NAMPA, IDAHO, March 22, 1934.

Senator WILLIAM E. BORAH,

United States Senate, Washington, D.C.

Jute tax is costing Idaho for 1933 crop over \$150,000. Lowest estimate claim will cost bean, onion, and potato industry of Idaho well over quarter million dollars on 1934 crop if allowed to continue. Jute used in potato bags not competitor of cotton as not to exceed 1-percent cotton bags used by potato industry. Rank discrimination against an already impoverished group of producers to exempt all manufacturers of automobiles, furniture, and all others using billions of yards of jute material in yardage form

as well as exempting the jute used in baling cotton, also all bags used by wool industry and making potato growers pay \$6.50 per car and bean growers pay thirteen fifty per car on every car shipped from Idaho. Potato industry of United States will pay over million and half in this tax. Potato, onion, and bean growers of Idaho have neither asked nor received any aid from A.A.A. Earnestly request your support of their request for immediate removal this unjust penalty and hope you will handle question in broadcast tonight. Thank you.

SOUTHERN IDAHO SHIPPERS TRAFFIC ASSOCIATION,
ANSON PECKHAM.

The request is that the tax be removed. The telegram is addressed to me, I presume, on the assumption still obtaining in some quarters that the Constitution is still in existence and that the taxing power is in Congress instead of the Department. So long has it been true that the sole power to impose taxes rested with Congress that it is difficult to realize that Congress has abdicated and surrendered that power to a Cabinet officer. The body which alone under the Constitution has power to tax and to repeal taxes is still mistakenly believed by some to possess that power, but it is a sad mistake. In a few days we will be asked to delegate to the Executive a still greater portion of the power Congress still retains.

Mr. ASHURST. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Arizona?

Mr. BORAH. I yield.

Mr. ASHURST. The able Senator, as we know, is one of the most distinguished members of the Judiciary Committee, and he not only can petition but he can and does set forth his views in a most effective way. He rendered a great service in our last committee meeting where a bill was considered to tax the sale and restrain the importation of certain weapons. All of the committee were in favor of the bill, but the able Senator from Idaho pointed out that a bill to raise revenue must originate in the House of Representatives. I think the Senator should not despair too poignantly.

Mr. BORAH. All I am interested in now is relief, and I am pursuing the only course I know by which to get a hearing. Of course, I may say that the able Secretary of Agriculture is exercising properly the power which was granted to him. I am not complaining of a usurpation of power or an exercise of power which has not been delegated to the Secretary of Agriculture. The Congress was generous and gave abundantly of its power. If there is fault anywhere, it is with the Congress and not with the Secretary of Agriculture—not with the "brain trust", but with the Congress. It is amusing to hear Congress talk about investigating the "brain trust" when the Congress has passed every bill I know of that the "brain trust" has suggested. The investigation strikes me as a smoke screen to cover the record of Congress. Congress would do well to investigate itself.

Here is a letter from Twin Falls, Idaho:

IDAHO VEGETABLE PRODUCERS, INC.,
Twin Falls, Idaho, March 15, 1934.

HON. WILLIAM E. BORAH,

Washington, D.C.

DEAR SIR: Enclosed herewith please find copy of resolutions that were adopted last night at a meeting held in Twin Falls of representatives from all of the counties in the Snake River Valley extending from the Oregon line to Yellowstone Park, which comprises, as you know, practically the entire agricultural section of the State of Idaho.

We hope you are able to impress upon Secretary Wallace the fact that this territory is being penalized and nothing given in return; also that the potato, bean, and onion producers of the State of Idaho have never received and have never asked Government assistance in the way of advances or payments on abandoned acreages; that these taxes are unbearable for the further reason that Idaho pays the highest freight rate of any State in the Union in moving her farm commodities to market; that during the past 3 years, the average price received through this section was below the cost of production and that we feel that the processing tax, which we are paying on cotton goods, fully compensates the cotton grower for the assistance which he has been given; and further that the farmers in the State of Idaho are not in position financially to stand any more burdens than exist now.

In addition to the argument set forth in the resolution, we are astonished to know that the processing tax on jute products is limited to the jute used in bags under 36 inches by 72 inches in size; in other words, under the wool bag; and that this amount

of jute products coming into the United States is but a small part of the amount of jute products that are imported into the United States and used for such other purposes as rugs, furniture, meat wrappings, et cetera; also to bale the cotton in the South. It is striking us as being exceptionally unfair and unreasonable and, in fact, a penalty in the way of a tribute to the southern cotton grower.

Thanking you for the assistance which you have been giving us in this matter and assuring you that we appreciate your efforts, I am

Yours respectfully,

E. N. PETTYGROVE, President.

When Congress levies a tax it must have some regard to uniformity. It does not seem that that rule obtains after we have delegated the taxing power. A processing tax is being levied which affects a very limited number of those who use jute. This tax violates all sound rules of taxation and all accepted principles of justice. It is a partial, discriminating, oppressively unjust tax.

I suppose it must be said, in fairness to the Secretary, that he had in mind the protection of the cotton-bag manufacturers upon whom a processing tax had been laid.

I ask to have inserted in the RECORD a copy of the resolutions passed by the association whose letter I have just read.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The resolutions are as follows:

Whereas the United States Government on December 1, 1933, imposed a processing tax upon all jute bags used in the United States as containers of potatoes, onions, and beans, ranging in amount from \$15.65 to \$22.94 per thousand, thereby placing an unjust, unfair, and unreasonable burden upon the farming interests of the State of Idaho, costing them up to the present time better than \$100,000, and which will, if continued, cost them approximately \$275,000 per annum; and

Whereas without any notice or warning whatever these taxes were imposed upon jute products to the serious detriment of both the grower and shipper of Idaho beans, onions, and potatoes; and

Whereas the farmers of Idaho are today paying a heavy tariff upon all jute shipped into the United States, also a processing tax upon all cotton goods used by them; and

Whereas the farmers of Idaho have never used cotton bags except in a small way, in the marketing of their products, and cannot use cotton bags in any quantity except only for small consumer packages and on which jute bags cannot be used; and

Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes, onions, and beans; and

Whereas the farmers of Idaho are today paying the heaviest freight rates upon their commodities moving to market of any like farming community in the United States; and

Whereas the farm commodities of the State of Idaho during the past few years have sold at prices averaging less than the cost of production, particularly all crops that are affected by the tax on jute products; and

Whereas there is no direct nor indirect benefit received by the farmers of Idaho from the moneys that they have paid out as a result of this processing tax; and

Whereas the potato, onion, or bean industries have never received any crop advances or advances for abandoned acreage nor do they anticipate requesting any such assistance; and

Whereas the tax upon jute products is only another unjust, unfair, and unreasonable burden added to those now being borne by the farmers of the State of Idaho, and further deprives them of any opportunity that they might have to recover from the depressed condition of their industry: And now, therefore, be it

Resolved, That we, as growers and shippers, in a meeting assembled at Twin Falls, Idaho, this 14th day of March 1934, representing all farmers and shippers from every section of the Snake River Valley, comprising practically the entire agricultural section of the State of Idaho, protest the processing tax now imposed upon jute bags used in marketing of our commodities, and respectfully urge the United States Government, through the United States Department of Agriculture, to give the producers of potatoes, onions, and beans relief from these unfair, unjust, and unreasonable taxes, by removing the processing tax upon all bags used in the marketing of these commodities.

E. N. PETTYGROVE,
Acting Chairman.

Mr. BORAH. I have here a letter from the secretary of the Cedar Draw Grange, of Buhl, Idaho. In this letter is found a resolution, which reads as follows:

Whereas the United States Government on December 1, 1933, imposed a processing tax upon all jute bags used in the United States as containers of potatoes, onions, and beans, ranging in amount from \$15.65 to \$22.94 per thousand, thereby placing an unjust burden upon the farmers' interests of the State of Idaho, costing them up to the present time better than \$100,000, and which will, if continued, cost them approximately \$275,000 per annum; and

Whereas jute bags are in no way competitive to cotton as the ordinary containers for potatoes, onions, and beans; and

Whereas the farmers of Idaho during the past few years have sold at prices averaging less than cost of production, particularly all crops that are affected by the tax on jute products: Therefore be it

Resolved, That the Cedar Draw Grange, of Twin Falls County, is opposed to the processing tax on all jute containers.

Mrs. E. L. METZ,

Secretary Cedar Draw Grange, Buhl, Idaho.

I have also a letter from the Colorado Perishable Products Traffic Association. This tax affects, of course, the producers in all the Western States, and Colorado has presented her cause in a letter which I have before me. I will read part of this letter, and then ask that the entire letter be incorporated in the RECORD:

While the above figures are approximate, they will not miss the true figures very far. We have grouped actual shipments to date of potatoes and onions from Colorado, to which we have added dry beans from Colorado and New Mexico combined, indicating a total tax of over \$83,000 up to date, and we estimate that for the 1933 crop year the total cost to farmers of the Nation will come very close to \$2,000,000. If anything, our figures are far too low. Of course, these figures do not in reality mean that this specific tax has been borne by the grower, because a large part of the crop moved before the tax was imposed. They do, however, indicate what may be expected in future years.

Out here in the West farmers justly feel that they are being discriminated against in favor of the cotton producer. If the thought back of this tax is to influence farmers to use domestically produced cotton goods instead of imported jute products, then whoever is responsible for this added burden is not acquainted with the handling of farm products.

At times, in a very limited way, shippers have endeavored to use cotton bags for potatoes. It has been found impractical in every respect, because any slight damage immediately becomes apparent on the outside of the bag, for the reason that cotton stains so easily. To use cotton in lieu of burlap on car-lot shipments of potatoes and vegetables would be courting trouble for the farmer and shipper alike, as rejections would be more numerous, and when the goods reached the jobbers' floors the sacks would be dirty and would show up badly for resale purposes.

In other words, the use of the cotton bag is impracticable. There would be more rejections and, therefore, more losses than if the producers were paid the amount of expense incurred by them by reason of the tax.

I ask unanimous consent to have this entire letter printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

THE COLORADO PERISHABLE PRODUCTS TRAFFIC ASSOCIATION,
Greeley, Colo., March 26, 1934.

HON. WILLIAM E. BORAH,
Senate Building, Washington, D.C.

MY DEAR SENATOR BORAH: In response to your telegram of March 24, I am very glad to tabulate below some approximate figures, which will give you an idea of the staggering cost being placed on agriculture through the recently inaugurated tax on burlap containers:

Commodity	Cars	Approximate tax per car	Cost to date	Colorado, estimated for season	Cost, Nation, estimated for 1933 crop year
Onions.....	1,652	\$4.80	\$7,929		
Do.....	2,000	4.80		\$9,600	
Potatoes.....	10,197	5.76	58,734		
Do.....	15,000	5.76		86,000	
Potatoes, onions, and other vegetables using burlap.....	350,000	5.10			\$1,785,000
Dry beans.....	Bags 748,756	Bags 2.20	16,470	Colorado and New Mexico	
Do.....	8,000,000	2.20			176,000
Total.....			83,133	95,600	1,961,000

While the above figures are approximate, they will not miss the true figures very far. We have grouped actual shipments to date of potatoes and onions from Colorado, to which we have added dry beans from Colorado and New Mexico combined, indicating a total tax of over \$83,000 up to date, and we estimate that for the 1933 crop year the total cost to farmers of the Nation will come very close to \$2,000,000. If anything, our figures are far too low. Of course, these figures do not in reality mean that this specific tax has been borne by the grower, because a large part of the crop moved before the tax was imposed. They do, however, indicate what may be expected in future years.

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In both Colorado and New Mexico, shippers of dry beans have also at different times tried out cotton bags in lieu of burlap, with very much the same results. It was found that cotton bags stretched badly and arrived dirty at destination.

Do you not agree that it is unreasonable to place a tax on burlap in order to favor cotton producers, when cotton in reality cannot be used in this industry as a substitute for burlap?

I believe in justice to the western farmer this burlap tax should be rescinded as of the effective date, December 1, 1933.

Yours very truly,

THE COLORADO PERISHABLE PRODUCTS
TRAFFIC ASSOCIATION,
J. H. WOOLF, Treasurer.

Mr. WALSH. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Massachusetts?

Mr. BORAH. I yield.

Mr. WALSH. I have received somewhat similar protests from representatives of the sugar-refining industry on the eastern seaboard. They state that this tax is most burdensome, and they have discovered that the sugar refiners of Cuba are using Japanese bagging, and are able to circumvent the tariff laws by buying this bagging very much cheaper than the price which the refiners in this country have to pay for bagging because of the processing tax. The complaint I have received from that and other industries is very similar to the complaint the Senator has received from the farmers of his State.

Mr. BORAH. The tragedy of this is that whatever might have been in the mind of the able Secretary of Agriculture as to who would pay this tax, the fact is now conclusively established that the producer pays the tax. It does not make any difference where it is laid; the incidence is with the producer; and the farmer, the producer of these different products, is carrying this extra burden at a time when it is one of the primal policies of the administration to relieve agriculture. If we compare this tax with the supposed increase in the price of the product, we will find that the tax very nearly absorbs the increase in the price of the particular products of which I am now speaking. I assert with no fear of successful contradiction that the tax benefits no one and injures and oppresses the producer.

Mr. President, I read a letter from the State of Washington, from Benz Bros. & Co., at Toppenish, Wash. It is as follows:

TOPPENISH, WASH., March 24, 1934.

Hon. WILLIAM E. BORAH,
United States Senator, Washington, D.C.

DEAR SENATOR BORAH: This will acknowledge your wire of March 24. We are heartily in sympathy with the effort being made to remove the processing tax upon jute bags, because we believe this tax to be unjust, unreasonable, and discriminatory.

The 100-pound potato bags or standard size wheat bags are not competitive with cotton bags, for the reason that it is impractical to use cotton for these and other similar farm products. The substitution of burlap bags for cotton only occurs in the smaller-size bags, 25 pounds or smaller, which are known as consumer-size bags, and only a very small percentage of our fruit and vegetable crops are packed in these consumer packages.

The imposition of a burlap processing tax places upon the grain and vegetable farmer an additional heavy burden at a time when he is already heavily burdened with taxes of all kinds, including the payment of a heavy import duty on burlap.

Figured upon the basis of car lots, the farmers of this State are being forced to pay a tax of approximately \$6 on each car of vegetables, and \$8 to \$10 on each car of grain. This money in most cases is not returned to them, but must come out of the pocket of distressed farmers.

We are in sympathy with the Government's program to assist the cotton industry; however, we see no logical reason for the jute tax; it is a mistake and should be speedily removed.

Yours very truly,

BENZ BROS. & CO.,
E. E. BENZ.

I have here a telegram from J. F. Jardine, president of the National Potato Association of Waupaca, Wis., reading as follows:

WAUPACA, WIS., March 26, 1934.

Senator W. E. BORAH:

Writing you fully tomorrow present process tax on potato bags. Cost potato producers approximately \$6 per car. Potato growers generally consider tax unfair, too, and discriminatory against their product, and urge its repeal.

J. F. JARDINE,
President National Potato Association.

I also have the following letter from the Shippers' Protective Association of Idaho Falls, Idaho:

IDAHO FALLS, IDAHO, March 22, 1934.

Hon. WILLIAM E. BORAH,

Washington, D.C.

DEAR MR. BORAH: The above association at a special meeting held at Idaho Falls, Idaho, last night unanimously went on record as favoring an appeal to you to immediately cancel the existing processing tax on jute bags.

While the above association is composed of shippers handling in excess of 15,000 cars of potatoes annually, we do not contend that it affects us directly; however, it does seriously affect all the growers from whom we purchase potatoes, because such processing tax must be added to the cost of the sacks and the full amount deducted from the growers. All our growers have gone on record as strenuously opposed to this unfair tax against them, and we join them heartily in an effort to secure the cancellation of this tax.

Yours very truly,

SHIPPERS' PROTECTIVE ASSOCIATION,
H. E. YOUNG, Manager.

I ask leave to insert in the RECORD a letter from the F. M. Balcom Co., at Grandview, Wash.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The letter is as follows:

GRANDVIEW, WASH., March 28, 1934.

Hon. WILLIAM S. BORAH,

Washington, D.C.

DEAR SIR: Benz Bros., of Toppenish, Wash., have requested that we write you relative to the present processing tax on burlap bags. At the present time there is about a 25-percent tax on the burlap bags we use for potatoes. There is a tax of \$15.71 per thousand on bags costing us \$70 per thousand.

We are at a loss to find out why this tax does any good, except to add an additional revenue to the United States Treasury. It certainly works a terrific hardship on the potato growers in the Yakima Valley, and we would certainly appreciate it very much if you would lend your efforts to have this tax abolished.

I am writing you as president of the F. M. Balcom Co., as well as president of the Yakima Valley Potato Dealers' Association.

Very truly yours,

F. M. BALCOM Co.,
By F. M. BALCOM, President.

Mr. BORAH. There is a multitude of facts and figures showing how very burdensome this tax is, and that it is being borne or paid by the producers of these different products.

As I said a moment ago, I assume that the tax was laid on the theory that it was a protection of the manufacturers of cotton bags; but there is no competition between the two articles, and the result is that a tremendous burden is placed upon the producers of these articles in the West without any compensatory benefit to anyone. It is simply an additional heavy tax which the producers must pay.

Mr. President, I have said that the only thing I can do at this time is to present the facts, in the hope that the able Secretary of Agriculture will reconsider the matter and withdraw the tax. There is, of course, a way in which we can enforce a different program. That undoubtedly would lead to delay, and I do not know that it would be successful if we should undertake it in the Congress. The more immediate method—and the hope I entertain is that that method will be employed—would be for the Secretary to reinvestigate the matter and withdraw the tax. I urge this matter upon his attention and trust the matter will be reconsidered and the tax withdrawn. Investigation will convince the Secretary that the tax is working a great hardship on those who are already in great distress financially and economically. This tax will mean to many the difference between a small profit, enough to get by, and a loss—a loss sufficient to entail other failures, inability to

meet other obligations, and therefore another profitless year, if not complete break-down.

Mr. JOHNSON. Mr. President, I am heartily in sympathy with what has been said by the Senator from Idaho [Mr. BORAH]; and I know from the information which has come to me that the tax which has been thus levied bears very onerously and very heavily upon all the farming communities of the West.

I do not speak, as the Senator does, in precatory fashion, because when an injustice is done I am content, perhaps, to explain that injustice, and then, if appropriate, subsequently, ultimately to denounce it. So I desire to make plain in just a few words, if I can, what this tax does for the far West.

I do not question at all the right of the Secretary of Agriculture, because, as has been very properly said, we accorded the power. I do not like the exercise of that power; and so it is that I present in a few words exactly what the use of it has done.

Here is the taxing power of the United States of America exercised by proclamation of a single official. He is not to blame. I reiterate that. He is not at all culpable, and he is not due for criticism from any of us because of it. We did it; we passed the law; and we alone are the ones who are to blame; but we are as well the ones who ought to correct any injustice under that law.

Here is the proclamation in regard to jute to which reference has been made:

The following proclamation is hereby incorporated in these regulations:

"I, H. A. Wallace, Secretary of Agriculture of the United States of America, acting under and pursuant to an act of Congress, known as the Agricultural Adjustment Act, approved May 12, 1933, as amended, after investigation and due notice and opportunity for hearing to interested parties, and due consideration having been given to all of the facts, hereby find, and do hereby proclaim, that the payment of the processing tax upon cotton is causing and will cause to the processors thereof disadvantages in competition from jute fabric and jute yarn, by reason of excessive shifts in consumption between such commodities or products thereof. I do accordingly hereby specify that the compensating rate of tax on the processing of jute fabric necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute fabric, on the first domestic processing of jute fabric into bags, and that the compensating rate of tax on the processing of jute yarn, necessary to prevent such disadvantages in competition, is 2.9 cents per pound of jute yarn, on the first domestic processing of jute yarn into twine of a length 275 feet per pound, or over, finished weight, of twine. Hereafter, there shall be levied, assessed, and collected upon the first domestic processing—"

And so forth. We did that, not Mr. Wallace. We authorized Mr. Wallace to proclaim, when he desired, that a tax should be levied in such a sum as he saw fit, under appropriate circumstances, as described by him, and that the tax should become effective.

We have strayed far from the old Anglo-Saxon idea that he who has charge of the purse governs. We, imagining that we were successors of parliaments of the past, have thought, generally speaking, that we controlled the purse, and therefore that, partially at least, we governed.

We have changed the rule. The crisis and the emergency may have required it and may have required such an act as this. But it is a pretty harsh rule, and it ought not to be invoked unless absolute necessity requires, even though we have granted the power.

Mr. BONE. Mr. President—

The PRESIDENT *pro tempore*. Does the Senator from California yield to the Senator from Washington?

Mr. JOHNSON. I yield.

Mr. BONE. Can the Senator advise us how much this compensating tax would add to the cost to the farmer of the average jute bag?

Mr. JOHNSON. I am coming to that in just a moment. In justice to the Secretary of Agriculture, I wish to call attention to the fact that the power is found in subsection (d) of section 15 of the Agricultural Adjustment Act, and I will insert the particular portion which thus gives him the power in order that I may carry with what I say what he may deem the antidote to it. But the tax now, in the realities, is entirely and wholly unjust.

In the far West we farm, so far as grain is concerned, in a fashion different from that followed in the Middle West, and, unfortunately, there are some gentlemen from the Middle West who never have been in the far West. Our country is so big that perhaps they may be forgiven the lapse in that regard, although I think that failure on the part of anyone to see the far West is a misfortune which can never subsequently be compensated for in a life of travel. Nevertheless, in the far West we harvest our grain in a fashion different from that followed in the Middle West, as I have said. In the Middle West the farmers harvest in bulk; they put their grain in the elevators and in the warehouses. In the far West, in the States of Oregon, Washington, California, Idaho, and so on, we are compelled to harvest and sack immediately. We sack our wheat and we sack our barley. Oftentimes it is used in export and the like, but we always sack it. The only mode we have had of sacking it in the past was by virtue of jute bags.

This compensating tax is asserted to have been made for cotton, but it cannot be compensating for cotton because the cotton bag cannot be substituted in our territory for the jute bag.

The tax falls heavily on farmers in the areas in the West where there is no bulk handling of grain. It falls directly on the grain growers of the State from which I come, and it cannot be passed on. A barley grower of California, for instance, who produces 4,000 bags of barley, is confronted with a tax of from \$800 to a thousand dollars, which he must pay in order to harvest his grain, under the order that is made by one man—an order of taxation. I want Senators to keep in mind the fact that in the far West cotton bags cannot be substituted for the sacking of this grain. So it is rather incomprehensible to me why the order should have been made.

When I am speaking thus as to its effect, I am reciting merely what the State Grange of the State of California has stated. Their chief official is here at the present time rebelling against this order and endeavoring to get some relief though, as he tells me, quite unsuccessfully. He has made a study of the question; his organization has studied it; they are all agreed upon the injustice of the order; and they are all demanding that something be done, if possible. What can be done is quite beyond me if the Secretary of Agriculture remains obdurate in adhering to the rule he has made.

Conservative estimates, it is reported to me, place the burden of this tax on the farmers of California as between five and six hundred thousand dollars this year. In the case of some varieties of grain, this tax means a difference between a profit and a loss. So we have here the anomalous situation presented of the assertion that a processing tax shall be carried to the farmers of the West in order that farmers in some other place may reap the benefit of it, even though it carries ruin in the first place to those upon whom it is imposed.

Then we talk of reciprocal trade agreements, and we tell about how we are going to take our products and carry them here and there and some other place beyond the seas and relieve our farmers of the difficulties which have been encountered by them, when, within the borders of our own country, we are levying by one man's dictum a tax today that is ruinous upon the 4, 5, 6, or 7 States situated on the West coast.

For these reasons I unite with the Senator from Idaho in the protest he has made concerning this tax. I have only a protest to make, it is quite true, but the protest thus I make.

I ask to have printed in the RECORD at this point subsection (d) of section 15 of the Agricultural Adjustment Act to which I referred a few moments ago.

There being no objection, the subsection was ordered to be printed in the RECORD, as follows:

(d) The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture

finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity.

Mr. JOHNSON. An extraordinary and amazing power was granted. Its very character should require its exercise only after most careful consideration and meticulous investigation. The most scrupulous study should precede action; and when even the possibility of injustice appears no tax should be levied. And if the possibility of injury be shown after action, that action ought, of course, to be rescinded.

THE PROCESSING TAX AND PRESENT-DAY TRENDS

Mr. DICKINSON. Mr. President, with reference to the processing tax, which was discussed at some length in the Senate a few days ago, I desire to put in the RECORD some official data, which support my position, as I see the subject.

In the consideration of the Bankhead cotton-control bill a discussion arose with reference to the revenues to be returned to the Treasury from the processing tax. In order that everyone may understand the situation to date with reference to the processing tax and the expenditures of the Government under the Agricultural Adjustment Administration, it is well to examine the record as it appears to date.

On page 189 of the Budget it is found that the estimated costs of the Agricultural Adjustment Administration to June 30, 1934, will amount to \$855,379,811; that in addition thereto the expenditures will include \$37,000,000 payable from N.R.A. allotments, making a total of \$892,000,000. These expenditures include permanent departmental employment of 230 people, and temporary departmental employees—total sum of \$4,920,302; field employees, \$4,224,623; agricultural rental and benefit payments of \$724,276,400; removal of surplus agricultural products, \$85,000,000.

In order that there may be no misunderstanding, the estimates for 1935 amount to \$831,022,428. In order to offset this, under the terms of the Agricultural Adjustment Act a processing tax was to be levied, with the understanding that the Treasury was to be reimbursed for all advancements previously made.

The Treasury statement of March 30, 1934, shows that the total amount of the processing tax for the fiscal year commencing July 1, 1933, to March 30, 1934, amounts to \$237,701,678.61; that the collection for the month of March amounts to \$36,796,532.06. Estimating 3 additional months at a similar rate per month, the Government will collect for the months of April, May, and June an additional \$110,389,596.18. This should be a liberal estimate, for the reason that much of the processing tax is imposed upon fresh meats and, in all probability, the returns from this tax will decrease rather than increase during the months above named. For this reason I believe that the estimate given is liberal.

Therefore, taking into account the estimated revenues to June 30, 1934, of \$348,091,274.79 and deducting the same from the total expense estimated by the Budget, of \$892,379,811, we find an estimated deficit June 30 under the Agricultural Adjustment Act of \$544,288,536.21.

Yet the former administration was condemned on account of the loss of \$270,000,000 by the Federal Farm Board and accused of being extravagant. This would indicate that in the first fiscal year of the present administration, we will more than double said loss, with commitments for many millions of dollars running into the next fiscal year.

In addition to that, Mr. President, we have just passed a bill which makes dairy products an agricultural commodity. It also includes peanuts, barley, flax, and so forth. In addition thereto we have authorized the expenditure of \$200,000,000 to supplement that legislation. I am simply

making the suggestion so we will have some idea where the present program is leading us. In other words, the theory that the Government is more than maintaining its fiscal balance and paying its way in the actual Budget is erroneous. Why? Because there are not included many items which have been heretofore regularly appropriated under the appropriation acts passed by Congress. Likewise there are not included many commitments of the Government by legislative enactment, but rather temporary expenditures are made for items so as to show an apparent reduction in the regular expenditures in order to indicate that more is coming in than is being paid out, so far as regular expenditures are concerned.

Therefore I think there is some cause for worry as to where we are being led under the present program. I am not one who is disposed to be an alarmist. I think there are certain trends which ought to be recognized. I believe those trends are pretty far-reaching, and I think we might as well recognize them now. In doing so I shall refer to a letter by W. S. Mansfield, published in the Chicago Daily News under date of March 28, 1934, in which he suggests switching platforms:

SWITCHING PLATFORMS

A review of the Democratic Party platform adopted by the national convention, Chicago, July 22, 1932, discloses that probably the five most vitally important principles of that solemn covenant have either been wholly repudiated or are in process of nullification. These important principles, as adopted, are:

1. We favor maintenance of the national credit by a Federal Budget balanced on the basis of accurate executive estimates within revenues. * * *
2. We advocate a sound currency to be preserved at all hazards. * * *

It is my understanding that according to the Secretary of the Treasury's own statement we are on a daily, or monthly, monetary basis, because the Treasury does not know what the next day will bring.

3. We advocate * * * a fact-finding tariff commission free from Executive interference. * * *

Yet we have pending a bill, which will soon be brought before the Senate, asking that the Executive be given authority to fix tariff schedules as he sees fit, within 50 percent of the existing rate either up or down.

4. The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

Yet I do not know of a time when we have seen gathered in Washington so many representatives of every type of business on earth, all hoping they will get something under a code which will help them survive the pressure that is now being put upon them under the N.R.A. The railroads and the hotels of Washington should be up here lobbying for the N.R.A., because it has been the greatest source of revenue they have had for many, many years; because it has brought people to Washington from all over the United States, in an effort to try to see that the codes are arranged suitably to protect their own particular interests.

5. We condemn the extravagance of the Farm Board—

That is the reason I wanted to read the letter. As a matter of fact, according to the estimates the administration itself has given, a deficit of over \$500,000,000 is shown in the administration of the Agricultural Adjustment Act. Yet we find that in paragraph no. 5 it is said:

5. We condemn the extravagance of the Farm Board, its disastrous action, which made the Government a speculator of farm products, and the unsound policy of restricting products to the demands of domestic markets.

As a matter of fact, what do we have? We have the restriction of corn, and hogs, and cattle, and dairy products, and cotton, and wheat, all under a system of regimentation, and it seems to be the policy of the present administration to continue along those lines.

Therefore I say there is apparent a trend, and where it is going to lead us I do not know, although we find that none of the principles to which I have just referred have been carried out.

There has just been published a book by Dr. Rexford G. Tugwell and Howard B. Hill, *Our Economic Society and Its Problems*. It is my understanding that this book has been prepared by Dr. Tugwell for the purpose of being used as a textbook in the colleges and universities of the country, and that it has been amended and revised to some extent by Mr. Hill in an attempt to make it a suitable book to be placed in the high schools of the country. In other words, this is educational propaganda, as I see it, for the purpose of getting the book into the hands of the private educational institutions and the public schools in order that the principles laid down therein may be taught to the young people of this country in their school days.

I turn to page 531, and in contrast to the principles I have just read from the platform of the Democratic Party I want to read six of the articles of the Socialist platform of 1932. This is not the platform on which Franklin Delano Roosevelt got 22,000,000 votes, or on which Herbert Hoover got 16,000,000 votes, but it is the platform on which Norman Thomas got a little over 800,000 votes.

1. Unemployment and labor legislation. A Federal appropriation of \$5,000,000,000 for immediate relief.

We have not quite reached that maximum yet, but we are going in that direction pretty fast.

A Federal appropriation of \$5,000,000,000 for Public Works and roads, reforestation, slum clearance, and decent homes for workers. The 6-hour day and the 5-day week without a reduction of wages. Compulsory unemployment insurance. Old-age pensions. Abolition of child labor. Adequate minimum-wage laws.

2. Social ownership. Social ownership of mines, forests, oil and power resources, public utilities dealing with light and power, transportation and communication, and all other basic industries. The operation of these socialized industries by boards on which the wage earner, the consumer, and the technician are adequately represented.

3. Banking. Socialization of our credit and currency system and the establishment of a unified banking system.

I have in my desk a statement showing that the Reconstruction Finance Corporation now owns as high as 75 to 80 percent of the capital stock in some of the leading banks of the United States, and that the Corporation has invested something over \$3,000,000,000 in preferred stock of various banks. In other words, the Reconstruction Finance Corporation, in behalf of the Government, is almost as much an owner of the stocks of the various banks of the country as are the individual and the private owners themselves. The Government is fast getting into the banking business.

4. Taxation. Steeply increased inheritance taxes and income taxes on higher incomes.

5. Agriculture. Reduction of tax burdens; creation of a Federal marketing agency for the purchase and marketing of farm products.

That is just about where we are headed for under the present law.

6. Constitutional changes. An amendment to the Constitution to make constitutional amendments less cumbersome.

It is my impression that if many people had their way now the Constitution would be amended to the point where we would not have any Constitution. They think that every restriction provided in the Constitution against carrying out their hobbies is a limitation on their ambition, and therefore they want to do away with the Constitution.

Abolition of the power of the Supreme Court to pass upon the constitutionality of legislation enacted by Congress.

We have almost reached that stage.

That gives us some idea of what the Socialist platform is. I will read further from Mr. Mansfield's letter:

Perusal of the Socialist Party platform adopted by the national convention, Milwaukee, Wis., May 25, 1932, reveals that 9 out of 12 items listed under unemployment and labor legislation, as well as a number of other measures listed under social ownership, banking, taxation, and agriculture, have either been put into actual practice already or are strongly advocated by the present administration.

The evidence thus presented convinces one, unfortunately too late, that, under the camouflage of national emergency, a brain-storm trust of radical sociologists has instituted a comprehensive program of social and economic reforms which are highly theoretical and idealistic, exceedingly impractical, opposed to all reason

and experience and to scientific economic laws; and that those of us who innocently but in all sincerity voted the Democratic ticket in substance voted the Socialist ticket.

W. S. MANSFIELD.

CHICAGO.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Iowa yield to the Senator from Texas?

Mr. DICKINSON. Yes.

Mr. CONNALLY. I am trying to follow the Senator in his remarks. What is his complaint? Is he picking out some particular thing that someone has done?

Mr. DICKINSON. If the Senator will just listen a while he will find out what the complaint is.

Mr. CONNALLY. The Senator from Texas has been listening for sometime, and he has not as yet found out.

Mr. DICKINSON. I showed that there is going to be a deficit of over \$500,000,000. Does that attract the attention of the Senator from Texas at all?

Mr. CONNALLY. Certainly it attracts it, but it does not attract it as much as it did when the administration of the Senator's party had a deficit of \$5,000,000,000.

Mr. DICKINSON. Oh, yes; but I am talking about one item, only one item, and it is only the beginning; remember that.

Mr. CONNALLY. Is only what? The Senator from Texas always listens to the Senator from Iowa, but rarely understands him.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from South Carolina?

Mr. DICKINSON. I yield.

Mr. BYRNES. May I say that if the Senator from Iowa, who during the last administration was in favor of economy, continues to vote for the highest possible appropriations every time he gets a chance in this Congress he will not see the last of deficits.

Mr. DICKINSON. I want to suggest that if the present administration should adopt a program of economy and adhere to it, it would have my cooperation, but if it is going to adopt a program of curtailing on one hand and then voting money away by the billions of dollars on the other, it will not have my cooperation in that type of economy, because it is wasteful; it evidences mismanagement; it is not the type of economy that will ever get us out of the depression.

Mr. BYRNES. Will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Iowa yield further to the Senator from South Carolina?

Mr. DICKINSON. Yes.

Mr. BYRNES. Can the Senator name any single item in any appropriation bill which he has voted to reduce since this Congress convened?

Mr. DICKINSON. That I voted to reduce?

Mr. BYRNES. In the Committee on Appropriations has the Senator voted for a single reduction of any appropriation or has he failed to vote for any proposed increase of appropriations?

Mr. DICKINSON. The only appropriation that I voted to increase was that for the Federal employees and the soldiers' compensation.

Mr. BYRNES. Can the Senator name any item of appropriation he ever voted to reduce?

Mr. DICKINSON. I do not know that we have before us any proposal to reduce expenditures. The Democrats are increasing expenditures all the time and not decreasing them.

Mr. BYRNES. Has the Senator as yet proposed a reduction in any appropriation?

Mr. DICKINSON. No; I want the administration of the Senator's party to run this Government, and that is what it is trying to do, and I do not believe it will quit until it shall have wrecked the credit of the Government of the United States.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Mississippi?

Mr. DICKINSON. I yield.

Mr. HARRISON. I like to hear the Senator speak, and sometimes like a political controversy, but we met today at 12 o'clock to take up an important measure which is designed to raise \$330,000,000 of revenue. I am not saying this in criticism of the Senator, because the Senator has not occupied any time, mind you; he has just begun; and my appeal is not to the Senator, but to other Senators. Will they not allow us to get started on this great tax bill just as soon as possible?

Mr. DICKINSON. I have a good amendment to the bill which I want to present after a while.

Mr. HARRISON. If it is a good amendment it will be adopted.

Mr. DICKINSON. I am going to propose now, in view of the suggestion of the Senator from South Carolina [Mr. BYRNES], that none of the Public Works money heretofore appropriated shall be used for erecting a new Interior Department building in the city of Washington, D.C. I hope the Senator from Mississippi and the Senator from South Carolina will accept the amendment.

Mr. BYRNES. I can say that so far as the Senator from South Carolina is concerned he will vote for the amendment of the Senator from Iowa.

Mr. DICKINSON. That is very kind; we will again cooperate.

Mr. HARRISON. I want to say to the Senator if he will just stop talking I will vote for his amendment. [Laughter.]

Mr. DICKINSON. There are a few more things that I think Senators on the other side ought to know about Dr. Tugwell, and which I want to put in the Record before I quit.

In order that we may understand the program that is being carried out, let me refer to an interesting observation made by Dr. R. G. Tugwell before the American Economic Association in Washington, D.C., in December 1931, as published in the American Economic Review Supplement of March 1932. In this address there was set forth the very foundation—indeed, the very formation of the type of legislative program that is now being carried out. Let me read from the first paragraph:

There can be no secure peace in the world so long as its people are engaged in industry and organized in independent units. It is difficult to discriminate between what is a racket and what is simply business. All this is the essence of *laissez faire*. War in industry is just as ruinous as war among nations, and equally strenuous measures are taken to prevent it. It is my belief that practically all of this represents unconsidered adherence to a slogan or perhaps a withdrawal from the hard lessons of depression years, and it remains unrelated to a vast background of revision and reorganization among our institutions which would condition its functioning.

Some say easy this way, but they do not understand it. This amounts, in fact, to the abandonment of *laissez faire*. It amounts to practically the abolition of business. That is what planning calls for. Those who talk most about this sort of change are not contemplating sacrifice. They are expecting gains. Business as we know it is chiefly interested in profit, and if these are disestablished, a certain kind of enterprise will disappear.

Mr. President, in order to avoid reading further, I am going to ask that the entire quotation be inserted in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Excerpts from the address of R. G. Tugwell, before the forty-fourth annual meeting of the American Economic Association in Washington, D.C., in December 1931. It was published in the American Economic Review Supplement, March 1932:

There can be no secure peace in the world so long as its people are engaged in industry and organized in independent units. It is difficult to discriminate between what is a racket and what is simply business. All this is the essence of *laissez faire*. War in industry is just as ruinous as war among nations, and equally strenuous measures are taken to prevent it. It is my belief that practically all of this represents an unconsidered adherence to a slogan or perhaps a withdrawal from the hard lessons of depression years, and it remains unrelated to a vast

background of revision and reorganization among our institutions which would condition its functioning. Some say easy this way, but they do not understand it. This amounts, in fact, to the abandonment of *laissez faire*. It amounts to practically the abolition of business. That is what planning calls for. Those who talk most about this sort of change are not contemplating sacrifice. They are expecting gains. Business as we know it is chiefly interested in profit, and if these are disestablished a certain kind of enterprise will disappear.

Most of us ought not to have been quite so free in our predictions that the institutions of Soviet Russia would break down from a failure of motive. It ought to be a source of wonder that a society could operate at all when profits are allowed to be earned and disposed of as we do it.

Every depression period wearies us with insecurity; the majority of us seem all to be whipped at once; and what we long for temporarily is safety rather than adventure. Planning seems at first to offer this safety and so gains a good deal of unconsidered support. But when it is discovered that planning for production means planning for consumption, too; that something more is involved than simple limitation to amounts which can be sold at any price producers temporarily happen to find best for themselves; that profits must be limited and their uses controlled; that what really is implied is something not unlike an integrated group of enterprises run for its consumers rather than for its owners—when all this gradually appears there is likely to be a great changing of sides.

Strange as it may seem—directly antithetical to the interests of business and unlikely to be allowed freedom of speech, to say nothing of action—it seems altogether likely that we shall set up, and soon, such a consultative body.

When the Chamber of Commerce of the United States is brought to consent, realization cannot be far off. It seems to me quite possible to argue that in spite of its innocuous nature, the day in which it comes into existence will be a dangerous one for business. There may be a long and lingering death, but it must be regarded as inevitable.

It is necessary to realize quite finally that everything will be changed if the linking of industry can finally be brought to completion in a plan.

We have traveled a long road to this threshold we now consider crossing. The setting up of an effective central coordinating body in Washington will form a focus about which recognition may gradually gather. For we have a century and more of development to undo.

Any new economic council will be hampered on every side; it will be pressed for favors and undermined by political jobbery. It will not dare to call its soul its own nor speak its mind in any emergency. But it will be a clear recognition—one that can never be undone—that order and reason are superior to adventurous competition. . . . Let it be as poor a thing as it may, still it will be a constant reminder that once business was sick to death and may be again. Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that Government, which is why, of course, such a scheme will eventually be assimilated to the State rather than possess some of its powers without its responsibilities.

It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

We shall not—we never do—proceed to the changes suggested all at once. Little by little, however, we may be driven the whole length of this road; once the first step is taken, which we seem about to take, that road will begin to suggest itself as the way to a civilized industry. For it will become more and more clear, as thinking and discussion centers on industrial and economic rather than business problems, that not very much is to be gained until the last step is taken. What seems to be indicated now is years of gradual modification, accompanied by agonies and recriminations, without much visible gain; then, suddenly, as it was with the serialization of machines, the last link will almost imperceptibly find its place, and suddenly we shall discover that we have a new world, as, some years ago, we suddenly discovered that we had unconsciously created a new industry.

Most of those who say so easily that this is our way out do not, I am convinced, understand that fundamental changes of attitude, new disciplines, revised legal structures, unaccustomed limitations on activity, are all necessary if we are to plan. This amounts, in fact, to the abandonment, finally, of *laissez faire*. It amounts, practically, to the abolition of business.

But a mature and rational economy which considered its purposes and sought reasonable ways to attain them would certainly not present many of the characteristics of the present, its violent contrasts of well-being, its irrational allotments of individual liberty, its unconsidered exploitation of human and natural resources. It is better that these things be recognized early rather than late.

We shall all of us be made unhappy in one way or another, for things we love, as well as things that are only privileges, will have to go.

The first changes will have to do with statutes, with constitution, with government. We shall be changing once for all, and it will require the laying of rough, unholy hands on many a precedent.

There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest. Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments of control. All three of these wholesale changes are required by even a limited acceptance of the planning idea, doubtless calling on an enlarged and naturalized police power for enforcement.

Perhaps our vested interests will submit. Perhaps our statesmen will give way. It seems just as credible that we may have a revolution, yet the new kind of economy cannot function in our present economy. The situation is such that the choices are hard, yet one of them has to be made. There is no denying the contemporary situation in the United States has explosive possibilities.

The future is becoming visible in Russia. No one can pretend to know how the release of this pressure is likely to come. It may be by calling on the organized police power for enforcement. There is no private business exempt from compulsion to serve a planned public interest. The essence of business in its free venture for profits is unregulated economy. Planning implies guidance to all business. To take away from business its freedom of venture and expansion, and to limit the profits it may make, is to destroy it as business and to make it something else.

So long as it was possible we tried to delude ourselves, in one way or another, that purpose existed and that it had a definite reference to mankind; all that comfort is torn away now, and we remain poor, inconsequent creatures exposed to chance developments which are neither kind nor untried with reference to ourselves, but simply impersonal.

It is, in other words, a logical impossibility to have a planned economy and to have businesses operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure.

Mr. DICKINSON. Mr. President, I will not delay the Senator from Mississippi very long. There are just one or two more expressions in this book to which I wish to refer, following the address delivered in Washington in 1931. On page 541 of this famous book, which has just been published and placed in the library in February of this year, I find this statement:

As we approach the end of this book we may say that it has presented a great issue: How can we raise levels of living in the United States? * * * The objectives are clear. * * * We must act, and we cannot act without planning. To act in the public interest, we must plan on a national scale. To put national plans into effect, we set up social controls. These two processes constitute economic planning.

What we hear most about all along the line here is economic planning.

For many years the technical task of devising plans for regulating our complex economic interests was too difficult to attempt. But today we know that this is no longer true, for Russia has shown that planning is practicable. Thinkers in our own land, too, have advanced plans which do not seem Utopian dreams. * * *

The real obstacle to economic planning is the set of ideals that we have carried over from an earlier day and which developed to fit a totally different economic situation. We continue to think in terms of individualism and competitive profit seeking long after the conditions favorable to that economic philosophy have passed away. In undertaking economic planning, we need not accept any particular plan or any specific set of objectives. We need rather to set out in the scientific spirit to solve our pressing economic problems.

I omit portions of a page or so and come to the purpose of this book, which is to advocate economic planning.

Purpose of this book. This book has been planned to develop and express an experimental attitude.

We have been told that the present one is an administration of trial and error—mostly trial and all error, so far as I have been able to see.

We have never meant to be dogmatic, but only to be helpful. We have not attempted to present problems so as to close the argument, but only to open it more widely for thoughtful consideration. If this book has helped to develop an experimental attitude—

And we are just going to proceed on a long campaign of experiment.

If it has clarified the nature of our economic life, and has awakened intelligent interest in and focused attention on the key problems of American Economic Society, it has served its purpose.

So we find what is the purpose of economic planning. Now, let us find out what the author says economic planning will do. I quote from page 543, headed "Summary."

Complete economic planning is possible only when there is public ownership and control of the means of production.

No wonder one of the distinguished employees or assistants in this administration went to New York the other night and said that we made a mistake in ever parting with the land in this country, that we ought to have kept it all and collectivized farms, as has been done in Russia, to be operated, if you please, on a collectivized basis.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. I have here from the same book an excerpt which the Senator has not quoted. May I read it?

Mr. DICKINSON. Yes.

Mr. FESS. I read:

Private control has failed to use wisely its control of land. For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens in the country.

I should like to have the Senator comment on that suggestion, that land is to be controlled not for the persons who happen to hold the title to it but for the welfare of all citizens. It appears that individuals should not hold title to the land, but evidently the Government should hold title to it.

Mr. DICKINSON. Let me suggest that, if that contention be sound, then the \$2,000,000,000 appropriated by the Congress for Federal land-bank loans in order that the farmers may hold their farms and the \$2,000,000,000 appropriated for the Home Owners' Loan Corporation in order that the people may hold their homes, is money wasted. What we ought to do is to say that the Government should have all this property and that no individual should own any of it.

Mr. FESS. Is not that the direct conclusion, the inevitable conclusion, from the quotation I have just read?

Mr. DICKINSON. Absolutely. Let me suggest further that what made this country great was the right of a man to go out and secure a little piece of land which he could occupy as a home and maintain it for himself and family and, on the land which he owned, to raise the necessities of life, giving him an assurance that his family was going to be fed and clothed.

Let me quote further:

In the United States the Communists seek to achieve this objective by a revolution engineered by the proletariat. The Socialists, although desiring the same type of society, are willing to work gradually for its orderly attainment. In the meantime they propose considerable labor legislation, the socialization of primary industries and of banking, high taxation of wealth, and revision of the Constitution.

Revision of the Constitution, if you please! Oh, the Constitution, the thing that has been protecting American rights all these years, is now found to be in the way of this economic planning about which we hear so much.

The second group of proposals for economic planning suggests (1) Government ownership of many industries.

We do not own the railroads. We have loaned them enough money so that we own them to all intents and purposes, except that we have not taken possession of them. I suppose it would be an easy matter to take possession of them if someone had such a motive in mind. We are lending money to the banks to the point where we now have ownership of practically one half of the bank stock of the United States. It would be an easy matter to take over the banking system of the United States. Now it is proposed to make loans to industry. In a little while, if we lend anybody enough money and they cannot pay it back, we

soon own their industry. We seem to be drifting in that direction.

I continue quoting:

And (2) a Government agency with power to fix production, prices, credit, and wages so as to coordinate private economic activity in the public interest.

That is what we are doing under the N.R.A. We are not very far from this socialistic program I have been reading.

Under such planning the Government would operate through a series of voluntary boards—

What have we here? We have a board which is assistant to General Johnson. It has had on its membership most of the leading corporation magnates in the United States of whom I know—Mr. Sloan, Mr. Swope, Mr. Taylor, Mr. McInerney, and so on down the line.

I continue quoting:

Under such planning the Government would operate through a series of voluntary boards or syndicates at the head of each industrial, commercial, and agricultural group. These proposals seek to exercise a leveling effect upon incomes and to stabilize economic affairs, at the same time allowing scope for private initiative within the various groups.

The third group of proposals suggests economic planning by allowing all the businesses within an industry to plan, cooperate, and combine, with a Government agency serving in an advisory capacity and sometimes possessing veto power. This type of planning does not touch the central problem of subordinating the profit motive to social welfare.

In other words, we are going to have profits subordinated to the public welfare. When we take a profit out of business, what do we do? We take away the incentive for going into business. In Russia, what happened? When they first started on their program over there they said to the farmer, "If you will take a piece of land, you can have all the grain and all the stock you raise on that piece of land that you need in order to keep your own family, but the remainder you shall turn over to the Government for the general purpose of feeding the population." The only trouble with the whole program was that the farmer never raised any to turn over to the Government with which to feed the general public. He knew when he had raised enough to keep his own family that that was all he was going to need, and that is one of the reasons why they have been forced to collectivize all the lands of Russia.

As to the third type of planning, Mr. Tugwell says:

It is likely to result in an increasing concentration of power within a private industry which will make genuine economic planning and social control even more necessary than it is today.

Let me suggest that this increased concentration of power within a private industry has resulted in the ability of great associations, representing the major industries of the country, to get together and formulate their codes in a way whereby they have been able to increase the costs to the consumer all along the line. There is no question about the increase. The increase is absolutely being passed on to the consumer wherever possible.

What else? It is centralizing our big industries in larger units all the time, and we find that trade associations which a few years ago were struggling in their efforts to maintain their existence are now thriving. Why? Because business men realized that in order to gain their objective they had to join a trade association. It is on this account, as I said, that the hotels of Washington and the railroads of the country ought to be thorough advocates of the N.R.A., because the railroads have been bringing to Washington and the hotels of Washington have been caring for people from all over the country who are coming here in their endeavors to incorporate their own ideas in the codes.

In one respect everyone admits the code system is faulty, for after a code has been agreed upon and arranged so that all the conflicting interests think they are cared for, then we find that someone goes out and violates the code. What does big industry do now? In order to make the plan successful they say we have to have enforcement of the N.R.A. code by the Government itself. In other words, they want the Government to assume the responsibility of trying to enforce business ethics among business men. We tried for a

number of years to enforce a law to control men's appetites. I am told we did not succeed very well. Now we are going much further than that to say that we are not only going to impose upon a man the laws under which he shall live but we are going to have the Government going around snooping into his business to find out whether or not he is following out the code that has been imposed upon him by Government regulation.

I do not care whether Senators read *America Must Choose*, or *We Are On the Way*, or the other new book, the name of which escapes me at the moment, or *Our Economic Society and Its Problems*; the facts are that the program is impracticable and impossible, and the sooner the Government gets away from attempting to enforce these regulations the better it will be for the Government.

What is the last sentence in this wonderful book?

The chief handicap to overcome is our allegiance to ideals that belong to an earlier industrial setting. In place of adhering to blind traditionalism we should develop an open-minded experimental attitude toward social and economic institutions and problems.

We want to forget all about the past. We want to forget all of the things that tradition has taught us. We want to forget all about the Constitution. We want to forget all about the teachings of history for all of these years. We are going to have a new deal now, and we are going to apply these principles. I want to say to you it will wreck this country unless we find a method by which we can go into reverse gear.

In place of adhering to blind traditionalism we should develop an open-minded experimental attitude toward social and economic institutions and problems.

Think of that book being put into the universities and into the high schools of this country for the purpose of teaching the young people of this country that the Constitution ought to be amended, and probably done away with.

Just one word in closing: On Sunday there was published in the *Washington Star* an article entitled "How the United States Has Divided Relief Burdens with the Various States." According to statistics covering the first 11 months of the calendar year 1933, the latest statistics available, only two States outranked the District in this respect.

To avoid taking unnecessary time I ask to have a tabulation of those States and the benefits they received and the percentages of Federal relief furnished by the Government inserted in the *RECORD*.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tabulation is as follows:

How United States has divided relief with States

	Percent of relief furnished by Federal Government	Advanced by F.E.R.A.
South Carolina.....	99.7	\$8,925,944.43
Arkansas.....	99.3	6,682,872.67
Mississippi.....	99.0	5,437,333.30
Louisiana.....	97.8	12,939,560.94
Alabama.....	97.2	8,376,767.51
Tennessee.....	97.1	4,836,127.83
West Virginia.....	95.2	15,388,994.80
Georgia.....	95.1	5,019,934.66
Kentucky.....	94.4	9,599,068.10
Texas.....	94.2	14,052,452.78
Florida.....	92.9	7,957,135.92
New Mexico.....	92.6	540,732.15
North Carolina.....	88.7	7,806,450.18
Oregon.....	86.0	4,227,585.81
Oklahoma.....	85.5	7,932,823.97
Washington.....	85.4	8,950,829.03
Arizona.....	82.2	2,499,293.99
Colorado.....	81.3	4,954,908.88
Illinois.....	80.6	58,436,002.61
Michigan.....	80.6	34,108,690.85
Virginia.....	80.1	2,677,868.47
Utah.....	79.6	2,766,730.43
Montana.....	79.3	3,333,786.21
Nevada.....	79.2	373,850.18
Idaho.....	76.4	1,136,345.70
South Dakota.....	74.9	2,675,405.90
Missouri.....	71.5	6,990,566.68
Wisconsin.....	66.7	13,508,802.96
Ohio.....	64.9	26,490,971.53
New Hampshire.....	61.0	1,291,647.32

How United States has divided relief with States—Continued

	Percent of relief furnished by Federal Government	Advanced by F.E.R.A.
Indiana.....	60.2	\$8,034,380.28
Kansas.....	59.0	3,630,784.16
Pennsylvania.....	55.9	44,391,321.57
North Dakota.....	52.9	1,120,685.65
Iowa.....	51.7	3,771,798.81
Minnesota.....	51.4	4,241,024.13
California.....	47.1	17,502,202.63
New York.....	43.6	59,325,774.60
Maryland.....	39.5	3,195,007.58
Rhode Island.....	23.5	1,423,591.46
Nebraska.....	28.9	531,304.92
Delaware.....	24.8	537,718.52
New Jersey.....	23.1	5,457,366.29
Massachusetts.....	18.9	7,117,676.92
Vermont.....	18.6	199,811.32
Maine.....	14.9	584,104.17
District of Columbia.....	12.9	295,172.66
Connecticut.....	10.5	973,540.42
Wyoming.....	10.4	31,918.16
All States.....	61.5	452,432,025.00

Mr. DICKINSON. I desire to make just a brief comment with reference to the article.

There are 12 States where the Federal Government has furnished more than 92.6 percent of all relief.

There are nine States where the Federal Government has furnished more than 80.1 percent of all relief.

There are six States where the Federal Government has furnished less than 20 percent. Those States are Massachusetts, Vermont, Maine, the District of Columbia, Connecticut, and Wyoming.

I think this table is most interesting, and I think it has in it some information that all of us can read with interest.

I send to the desk an amendment which I desire to have inserted in the bill at the proper place, and ask that it be read for the information of the Senate.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The legislative clerk read as follows:

At the proper place insert the following new section:

"Sec. —. Public Works Administration—Public buildings in District of Columbia: No funds shall be made available by the Public Works Administration or any other Government agency for beginning the construction of any public building in the District of Columbia, until the Congress shall have specifically appropriated money for that purpose."

Mr. CONNALLY. Mr. President, I realize how anxious the Senator from Mississippi [Mr. HARRISON] is to proceed with the tax bill. I am a member of the Finance Committee and desire to speed the bill, but the Senator from Iowa [Mr. DICKINSON] has spent a good portion of the Senate's time in trying to open the Republican campaign for Congress this fall. He is going to have a very difficult time to get it opened unless he makes a better showing than he and Dr. Wirt have made and a few of those with whom he is in conspiracy to try to thwart the efforts of this administration in its heroic effort to repair the wreckage which he, along with the Hoover administration, had a large share in bringing about.

I am sure the modesty of the Senator from Iowa would disclaim any responsibility, but we all know what a prominent part he took in the Hoover administration.

I remember that he was the great friend of the farmer from Iowa when he arrived here in the Senate. I remember how we had our ears—we did not have to listen as we do to the Senator from Ohio [Mr. FESS]—how we had our ears deafened with the booming oratory of the Senator from Iowa about what they were going to do for the farmers out in Iowa, and we followed them because there was no other way to go. We wanted the debenture, but when that was defeated we voted for the Farm Board bill. The Republicans were in control. We had to follow them on the Farm Board, and we all voted for the Farm Board; and we all know what happened to the American farmer and what happened to the American Treasury.

Now, the Senator from Iowa, who was one of the authors of that greatest blunder that was ever made in undertaking to aid agriculture, gets up on the floor of the Senate and tells us that he is afraid the Democratic Party is going to wreck the Treasury, and that he is going to help wreck it. He said that in effect. The Senator smiles. I challenge him to read the Official Reporter's transcript, and I want the Official Reporter to bring me the transcript of the Senator's speech. The Senator from South Carolina [Mr. BYRNES] challenged the Senator from Iowa to point out a single appropriation that he had voted to reduce, and he said he had not voted to reduce any because he wanted to see us run amuck with reference to the Treasury.

Mr. LONG. Mr. President—

Mr. CONNALLY. Speak of patriotism—patriotism! Some Senators may think I am going to be rough. I am not going to be rough; but I say, Mr. President, that for a Senator to stand upon the floor of the Senate and avow that he is willing that the Treasury of the United States shall be wrecked if it will help his puny little political fortunes is unworthy of a Senator, or unworthy of one who parades as a Senator, whether he comes from Iowa or from Texas or anywhere else.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield. I never inject a Senator into my speech unless I yield to him.

Mr. DICKINSON. The Senator from Texas knows very well that here in the Senate, and always, I have stood for a conservative financial budget; and it is only when the Democratic Party has gone off on a tangent, as you have gone off, with a waste of money, that I said to the Senator from South Carolina that apparently the only thing that would bring you to your senses would be a collapse of Federal finances. I desire to suggest now that the thing you are doing right here every day is the very thing that I think will have to happen before you will reach a termination and know "where you are at." In other words, you are on your way, but you do not know where. [Laughter.]

Mr. CONNALLY. I know we are on the way.

Mr. DICKINSON. To wreckage.

Mr. CONNALLY. We are on the way out of the terrible mess that the Senator from Iowa and his party left us in on the 4th day of March 1933. [Laughter.]

Mr. DICKINSON rose.

Mr. CONNALLY. Let me answer the Senator before he asks me another question.

The Senator from Iowa undertakes to explain what he said about wrecking the Treasury, but he does not deny the statement that he said here on the floor of the Senate that he is willing for the financial affairs of this Government and the Treasury to be wrecked if it will help his political party and his political fortunes.

Mr. DICKINSON. Now will the Senator yield?

Mr. CONNALLY. I yield; yes.

Mr. DICKINSON. The Senator knows that I never mentioned my political party. I said that the only thing that would bring you to your senses was a collapse of Federal finances, and I say the record indicates that that is the only thing that will bring you to your senses.

Mr. CONNALLY. And did not the Senator say he wanted that to happen?

Mr. DICKINSON. Oh, no; I did not go that far.

Mr. CONNALLY. What did the Senator say?

Mr. DICKINSON. I said, just as I have repeated, that I thought that would be the only thing that would stop you in this orgy of expenditure.

Mr. CONNALLY. I ask the Official Reporter to bring me the transcript of the Senator's remarks, and we will see what the Senator said. Everybody except the Senator from Iowa understands that he meant that he was willing for the Treasury to be wrecked so that he could rise up and say, "I told you so! I told you so!"

When the Senator from Iowa was interrogated by the Senator from South Carolina [Mr. BYRNES], he did not deny that he had never voted to cut a single appropriation. Are not you on the other side of the Chamber just as re-

sponsible as we are on this side of the Chamber? Do you owe your country any less than we do? Is it not just as much your duty to vote against extravagant appropriations as it is our duty? Can you hide yourselves behind the shield of politics and wash your hands of responsibility for the conduct of this Government?

When we went into power on the 4th day of March last, when President Roosevelt, amid the clouds and the fogs that surrounded this Government, amid the grief and the gloom that 4 years of leadership of your party left us in, took the helm, and a Democratic Senate sat here in this Chamber and a Democratic House over at the other end of the Capitol, you said you wanted to help us. You said you wanted to stand by the President wherever you could. You went before the country, some of you, with hypocritical phrases to the effect that you were going to help the President pull us out. You did that for a while. You did that for a few months; and I am not indicting all the Senators on the other side. I am indicting those who, like the Senator from Iowa, profess to be concerned with the welfare of the country, and yet are playing politics 24 hours out of the 24.

The Senator from Iowa never goes under the N.R.A. The Senator from Iowa does not work merely 6 hours a day and 5 days a week as a partisan. He works 24 hours out of every day as a political sniper at the President and the administration, and everything they are undertaking to do.

Now, let us see about it.

The Senator from Iowa has complained about the extravagance of the Farm Board. I have already answered that. Of all the colossal failures, of all the abysmal blunders, of all the superlatively asinine accomplishments in behalf of agriculture the Farm Board, bearing the brand of the Senator from Iowa all over, will stand out in history as the greatest and the most marvelous cataclysm of legislation that ever was enacted.

What else is the matter with the present system, according to the Senator from Iowa? What is he complaining about? What has this administration done that he challenges? He does not challenge any one act. He just has a grouch, like an old woman with the rheumatism. [Laughter.] She knows she has a pain, and cannot quite locate it, but she knows she has it. That is the condition of the Senator from Iowa. Is he complaining because President Roosevelt saved the banking situation of the country? Why, the Senator from Iowa a while ago read a statement from somebody to the effect that if we did not look out the Government was going to be in the banking business. If we had followed the Senator from Iowa and his late lamented President Hoover, the Government would not have been in the banking business, and, by Gatlings! there would not have been anybody else in the banking business in this country [laughter], because the banks would have all closed their doors, most of them never to open again.

I ask the Senator from Iowa, is that what he is complaining about, because we saved the banking structure of the Nation? Is that where his pain is located?

What else is the Senator complaining about? Is the Senator from Iowa complaining because, instead of 13,000,000 of men walking the streets in idleness and in hunger, clothed in rags, and begging for a job, under this administration four or five million of those men have been returned to useful occupations? Is that his complaint?

I am wondering whether the Senator from Iowa is angry because factories in the States of Rhode Island, Wisconsin, Connecticut, and Maine, and many other States are now open, employing more men than they did in the olden days. Is that his complaint? Let him challenge it. Let him deny it.

Coming from a great farming State, is the Senator from Iowa complaining because wheat was selling for about 30 cents when this administration came into power and the same wheat now is selling for from 85 to 90 cents a bushel? I do not know the latest quotation. Is that the reason why the Senator from Iowa complains, that higher prices are

being received by the farmer, for whom he has shed tears as big as a goose egg on this floor, but for whom I never saw him do anything in all his legislative career? Is that the complaint of the Senator from Iowa?

Mr. President, is he angry because the corn out in Iowa, where the tall corn grows and where the short politicians grow [laughter]—I am wondering whether he is complaining that under the Roosevelt administration the corn, which he tells the voters he used to raise when he was a farm boy—I wonder if he is complaining that that corn is now selling for twice as much as it was selling for when Mr. Roosevelt took charge and the Democratic Party relieved the Senator from Iowa from any responsibility. [Laughter.]

Mr. MURPHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. MURPHY. Corn is selling for four or five times as much as it was.

Mr. CONNALLY. I thank the Senator. If you want to get the truth, call upon a Democrat from Iowa, and he will tell you the truth. [Laughter.]

Mr. President, the junior Senator from Iowa [Mr. MURPHY] says that corn is selling for four or five times as much in the State of Iowa, where the tall corn grows, as it was before. Yet the senior Senator from Iowa, the representative of those farmers out there in Iowa, spends his time here in denouncing the administration and in denouncing the President, who has made his farmers receive four times as much for their corn as they were getting before.

Mr. President, even hogs are higher. Iowa is a great hog State—a great hog State—a great hog State. [Laughter.] They are even getting more for hogs now than when Mr. Roosevelt took the President's chair, and when the Democratic Congress went to work on its program of restoration. Yet the thanks we get consist of denunciation from the senior Senator from Iowa, representing more hogs than any man who ever sat in this Chamber. [Laughter.]

Mr. President, what else is wrong? What have we done to ruin the country? Oh, he says, "the Constitution"! He is afraid that the Constitution is going to be violated. [Laughter.]

THE PRESIDING OFFICER. The Chair must admonish the occupants of the gallery that it is against the rules of the Senate to give vent to feelings or to engage in demonstrations, and the Chair hopes the galleries will observe the rule.

Mr. CONNALLY. Mr. President, the Senator from Iowa is worried about the Constitution.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DICKINSON. I have read what Mr. Tugwell, who is one of the "brain trusters" of the administration, said about the Constitution. I have explained his attitude.

Mr. CONNALLY. I shall refer to Mr. Tugwell. I know Mr. Tugwell only by sight. I do not know the other "brain trusters." As far as I am concerned, I shall follow the advice of the "brain trusters" when I think they are right, and I shall not follow them when I think they are wrong.

The Senator from Iowa is worried about Mr. Tugwell's views. I do not think that Mr. Tugwell's views would have any influence at all on the Senator from Iowa. I do not think argument of any kind will have any influence on the Senator from Iowa if there is a partisan political question involved. I think that if there were 3 votes in a group and the Senator from Iowa should see those 3 votes, he would not see any other question involved. The Senator from Iowa reminds me of a swamp owl. The more light you throw around his head, the blinder he gets. [Laughter.]

The Senator quotes Mr. Tugwell. Who is Tugwell? He is an officer in the Department of Agriculture. This Government does not do what Mr. Tugwell wants done unless the Congress and the President say so. Mr. Tugwell is not running this Government any more than the Senator from Iowa is running it, thank God! [Laughter.]

Let me return to the Constitution. The Senator wanted to divert me from the Constitution. Oh, he is worried about

the Constitution. Let him point out where the Constitution has been violated. The Constitution of the United States was made to serve the people of the United States. It was made to guarantee personal rights. But every time some old, hard-boiled, reactionary, crusty standpatter sees one of his dollars endangered by any kind of new legislation, he begins to talk about the Constitution, as if the only function the Constitution had to perform was to keep some scoundrel from robbing all of the people in the United States. Whenever you get after the trusts, whenever you get after the monopolies or the international bankers and companies that exploit the public, whenever you get after the high-income-tax dodgers, whenever you get after the Insulls, the deposed power kings who run away to hide themselves and their riches in foreign lands, and whenever you get them up to the bar of judgment, they begin to talk about the Constitution and about violating the Constitution. The Constitution is made to serve and protect the people. If it has been violated, the power of the courts may be invoked.

I have not consciously, as I am sure other Senators have not, in voting for legislation here, violated any of the provisions of the Constitution. I love and respect the Constitution. I want to see it observed and obeyed. Congress derives its power from the Constitution; and if it transgresses the limits of its authority, the courts were established to hold it in check. Why does not the Senator point out the trouble with these things? Let the Senator from Iowa point out where the Constitution has been violated. The trouble with him is that he is not worrying about the real Constitution; he is worrying about the constitution of his little political machine, which was wrecked on the rocks in November 1932; and if he ever gets it together again, he will have to use a magnet to attract its shattered fragments into one unit. I am talking about that little political organization they have out in Iowa which pretends to be for the American farmer, and then denounces this administration, the only administration that has ever done anything substantial and concrete for the American farmer in the past 50 years.

Where was your wheat? Where was your cotton? Where was your corn? Where were your hogs?

Mr. President, they talk about the "brain trust", and the Senator from Iowa is talking about Dr. Wirt.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DICKINSON. I did not mention Dr. Wirt at all.

Mr. CONNALLY. Very well.

Mr. DICKINSON. The Senator seems to have a mental obsession that I started in to talk about a lot of things. He is putting on a grand theatrical show, but he is not sticking to the facts.

Mr. CONNALLY. I thank the Senator. If I received the approval of the Senator from Iowa, I should begin to doubt both my Democracy and my duty as a Senator. [Laughter.]

The Senator from Iowa says he did not mention Dr. Wirt. He had Dr. Wirt in his mind; he had Dr. Wirt spread all over his clothes. I can see him. [Laughter.] He had Dr. Wirt on his lips and in his oratory. I could see Dr. Wirt's views like a halo gathered around the silvery locks of the Senator from Iowa.

Who is Dr. Wirt—this cheap publicity seeker? Who is this man who has discovered a conspiracy to wreck the country? How did he, out in Gary, Ind., find out these dark secrets which even the eagle eye and inquisitive mind of the astute trail blazer from Iowa could not ascertain?

Here, with all the committees in Washington, the congressional committees, and the National Republican Committee, and the Senator from Iowa, with his astute mind, they could not find out about this terrible conspiracy to destroy the Government and to make President Roosevelt a Kerensky and then replace him with a Stalin.

I shall read what Dr. Wirt says. I think that Dr. Wirt is just a sensation monger. He wants to make the headlines, and he does make the headlines. He is more successful than the Senator from Iowa in that respect.

This is what he says. Here is his pamphlet:

America must lose by a "planned economy", the stepping-stone to a regimented state.

Here is the whole deep, dark secret. Speak only in whispers.

The most surprising statement made to me was the following—

This is supposed to have been made by someone in the "brain trust" to this man Wirt, in whom they had confidence. One does not convey one's secret, inmost thoughts to another in whom one has no confidence. Here was this "brain truster" giving out the dark conspiracy to Dr. Wirt, when he knew that Dr. Wirt would go immediately and put it in the newspaper. Either Dr. Wirt was in on the conspiracy and betrayed the conspirator, or else he is a base betrayer of confidences extended to him. Here is what the "brain truster" is supposed to have told Dr. Wirt:

We believe that we have Mr. Roosevelt in the middle of a swift stream and that the current is so strong that he cannot turn back or escape from it. We believe that we can keep Mr. Roosevelt there until we are ready to supplant him with a Stalin. We all think that Mr. Roosevelt is only the Kerensky of this revolution.

The rules of the Senate prohibit me from expressing my opinion of that material. Of course, it is moonshine. I do not know who in the "brain trust" is supposed to have told that to Dr. Wirt.

What is the "brain trust"? The "brain trust" is composed of some advisers in the various departments. Nothing can be done in the way of enactment of law unless the law is passed by both branches of the Congress and receives the approval of the President, unless it be that his veto should be overridden by a two-thirds vote of both Houses. The talk about a conspiracy is all bunk.

Something has been said about a revolution. Mr. President, if to lift the country from ruin and wreckage and put it back on the highway to prosperity again be revolution, then we have had a revolution. If to open the banks that were closed by misfortune and by financial collapse and strengthen them and secure the deposits of depositors be revolution, then I say to the Senator from Iowa we are in the midst of a revolution. If to find agriculture, as in the Senator's own beloved Iowa, prostrate and in ruins, prostrated through a course of years, and to lift it up and set it on its feet and to give it a staff and to give it food and to give it raiment and put it again on the road that shall lead back to rehabilitation and restoration be revolution, then the Senator from Iowa is correct.

Mr. President, nations do not "revolute" when the hungry are fed and the naked are clad. Nations do not "revolute" when prosperity is abroad in the land. Nations do not "revolute" when they are convinced that those who rule them in legislative chambers and in executive halls are exerting their powers of government in behalf of the masses rather than the classes. Revolution comes when there is inspired in the hearts of the masses a belief that wrong and oppression are coming from above; when they feel that the Government exerts its powers to exalt the mighty and the powerful and the rich, and to grind down the humble and the poor. Revolution comes when hunger drives with a tremendous physical appeal and the mind is stirred and thrilled by a sense of wrong. In such hours as these revolutions come.

We are now on the upgrade. We are now back on the road to recovery. The hungry have been fed, the naked have been clothed, the unemployed are again busy with the implements of their toil at gainful occupations. Business is reviving. Corporations' dividends are increasing. The American people are becoming happy and prosperous once again. There is no revolution except the revolution from ruin to prosperity. There is no revolution except the revolution from a sense of despair, from a sense of suffering back yonder prior to March 1933, to a sense of confidence in government, confidence in President Franklin D. Roosevelt, who is leading us, and confidence in Congress, confidence that, through their efforts, America will soon come

into its own again. If that be revolution—make the most of it.

Mr. DICKINSON. Mr. President—

Mr. LONG. Will the Senator from Iowa yield?

Mr. DICKINSON. I yield.

Mr. LONG. I desire to ask a question of the Senator from Iowa, and I should like to have the attention of the Senator from Texas. I was wondering if the Senator from Iowa was trying to get revenge by voting for some of our Democratic measures because we Democrats voted so solidly for the Hoover measures. I was wondering if there was an effort to do that?

Mr. DICKINSON. Mr. President, I want to refer to three or four items. I shall not be personal, as the Senator from Texas has been. That is not my style of debate. I stick to the facts and I do not deal in personalities.

The Senator from Texas referred to the banking situation. In the report furnished for the week ending February 3, 1934—and these reports are printed pursuant to a resolution passed by the Senate—the total commitments to make loans, purchase preferred stock, capital notes, or debentures by the Reconstruction Finance Corporation of banks of this country was \$3,069,480,418.26. The total bank stock of the United States is approximately \$8,000,000,000. That shows that we are almost reaching the 50-percent mark of bank control in the United States.

With reference to the Farm Board, concerning which the Senator from Texas dealt so long, the Federal Farm Board lost \$270,000,000. It never had an appropriation of over \$500,000,000. Much of that which was appropriated for it has already been returned to the Treasury. What has resulted under the operations of the present program? There have been commitments by the Department of Agriculture of over \$855,000,000, and there has only been a repayment of \$235,000,000 to date. The present administration is trying to do in a few months what it took the former, or Hoover Farm Board, as the Senator wants to call it, over 2 years to do.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. DICKINSON. I yield.

Mr. FESS. The Farm Board was created after both the Democratic and Republican Parties pronounced for it in their 1928 platforms.

Mr. DICKINSON. That is correct; and it was voted for almost unanimously by the Democrats as by the Republicans.

Mr. FESS. And the Senator from Texas voted for it.

Mr. CONNALLY. Mr. President, the Senator from Texas said he voted for it. What he is complaining about is that others fooled him, hoodwinked him, deceived him, and betrayed him into voting for that measure.

Mr. DICKINSON. The Senator from Texas has talked about the hungry being fed and clothed, and so forth and so on. I have just put into the RECORD a statement with regard to 11 of the States of the Union, and I desire to say that Alabama has received out of the Federal Treasury 97.2 percent of every dollar that State has used to feed the hungry.

The State of Texas, about which the Senator from that State brags so much, has received from the Federal Treasury 94.2 cents out of every dollar with which it has fed the poor of that State. Of course, when there is a Government out of whose Treasury a State can take the money fast enough, it can feed the poor. There is no question about that.

With reference to the Iowa situation: The processing tax has been imposed upon hogs. What has happened to the price of hogs? It went down just as fast as the processing tax was put on it.

We had a good price for hogs in July of last year, when there was a threatened inflation. Of course, we were being paid with 49- and 50-cent dollars. Our dollars were all cheapened, there is no question about that, but we had more of them, and we were feeling pretty good. Then what was done? A processing tax was imposed, and there were taken

from the people of Iowa and the Midwestern States 6,000,000 pigs. Nine dollars a head was paid for a pig worth 75 cents. Of course, the fellow who had a 75-cent pig that he could sell for \$9 felt good about it. But he knows that the scheme will not continue to work. Why? Because the Federal taxpayers of the United States will not continue to pay in the money to provide that sort of fund.

What else has happened? The Senator from Texas says nothing about it, but it is now proposed, by new legislation, to regiment the number of pigs that one can raise on a farm, the number of bales of cotton that one can produce on a farm, the number of acres of corn that one can plant on a farm. There is proposed to be a regimentation of agriculture all along the line. By whom was that suggested? It was not suggested by Secretary Wallace. He said yesterday, according to the New York Times of today—

I think we must look forward to more and more reliance upon voluntary cooperation among farmers and view proposals for regimentation with skepticism, at least until the experiment proves its worth.

Who put regimentation into the farm bill? It was not Secretary Wallace; it was done by the theorists; and I say to you, Mr. President, the record is plain enough if you will read the book from which I have just quoted and also read the various speeches of Mr. Tugwell, to show that Mr. Tugwell is a man who believes in regimentation; he believes in a planned economy. I do not know Dr. Wirt. I never heard of Dr. Wirt until his statement was published in the newspapers.

Mr. LONG. Mr. President—

Mr. DICKINSON. I yield.

Mr. LONG. I never have been able to see why there should be any row between Democrats and Republicans on the farm problem. What is the difference between the Hoover proposition and what we propose? Hoover proposed that cotton be plowed under in the South, but we would not let him do it. Then we came along and plowed up the cotton because our mules could do it better than his mules. There is no difference there. I never have seen any difference in the attitude of the two parties on the farm problem. We row in Congress, and Democrats accuse Republicans of ruining everything because they voted one way, and the Republicans accuse us of ruining everything just because we did not vote with them, but they all stood for the same thing. I do not see why we should waste the time of the Senate rowing over Democratic farm policies and Republican farm policies when the only difference between them is that one of them got a lot more money to spend than the other did and spent it a little faster; that is all. It is true Hoover did not propose to kill all the fat pigs, but he proposed to plow under the cotton; and although we voted him out, he must have been right, for we just went him one better. There is no difference in the policy; there is no difference in plowing up good cotton and killing a good live pig. We just doubled up on that proposal; so I think where the Republicans are making their mistake is in not claiming that we went and adopted the Hoover policies when they might have made good with them. That seems to be the only complaint. I do not see the object of the argument.

Mr. DICKINSON. Mr. President, in reference to the farm problem, there is a great deal of difference. The only control provided in the Federal Farm Board law was market control, but now the party in power are going further than that; they are limiting acreage. There is in a bill now pending before Congress an appropriation of \$724,276,400 to pay rentals on land, and, on top of that, they are limiting production; they are regimenting agriculture. No one in the Republican administration ever suggested such a thing.

As a matter of fact, the banks that were closed on March 4 caused a deflation in this country, as is stated by Walter Lippmann, which has prevented a recovery under the N.R.A. and the A.A.A. We have two theories here, one counter-checking the other. One is for deflation and the other is for expansion. Walter Lippmann is right when he says that, following out the monetary policy of today, you are not going to be able to have expansion in industry, while, on the

other hand, you are putting forth all your efforts to try to expand industry and to expand agriculture. I make that suggestion, regardless of the merriment the Senator from Texas [Mr. CONNALLY] may create on the floor of the Senate. I have listened to him in debate for many years; he is always entertaining, but he pays little attention to facts, pays no attention to the history of legislation, and misstates a good many arguments when he advances them. We all like him; but we pay no attention to him. I do not want to reply personally to him, but I wanted to put these facts in the RECORD.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. The clerk will read the first amendment passed over.

Mr. FESS. Mr. President—

The LEGISLATIVE CLERK. On page 15—

Mr. FESS. Mr. President—

The PRESIDING OFFICER. When the clerk finishes reading the amendment, the Senator will be recognized.

Mr. FESS. After the clerk has finished?

The PRESIDING OFFICER. Yes.

Mr. FESS. I am addressing the Presiding Officer before the clerk begins.

The PRESIDING OFFICER. Does the Senator from Ohio now want to address the Senate?

Mr. FESS. I do.

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. FESS. Mr. President, the present Presiding Officer has had a long period of discipline in both branches of Congress and recognizes that the Senator who is addressing the Senate does not violate the rules of the Senate. That is why I am asking the Chair now to recognize me.

Mr. President, the temptation to enter into an elaborate discussion of the subject that has been projected into the debate is very great, but I am not going to embrace that opportunity. I am not going to do so because I want to give freedom to the committee that has in charge the pending tax bill.

I only want to take time enough at the present moment to say, after listening to the eloquent address of the Senator from Texas [Mr. CONNALLY], in which he referred to recovery, that it would appear to me he would feel considerably embarrassed in giving the assurance that recovery is here, in the light of all the facts which have been reported to us. Secretary Ickes announces that there have been a million people employed on public works, Director Hopkins announces there have been 4,000,000 employed under the C.W.A., and General Johnson announces that there have been 3,000,000 employed under the activities of the N.R.A., making an aggregate of 8,000,000 people reemployed by the sharing of work, the spreading of labor, the shortening of hours, and by the Government's stimulus to industry; but when the head of the Federation of Labor makes the statement that today there are 11,670,000 unemployed in industry, it is a very embarrassing statement, if it be true, because that would indicate that the reemployment, in spite of the tremendous expenditures by the Government in trying to take up unemployment, has not been substantially a success. So I should think that those facts would be somewhat embarrassing to the Senator, who in his eloquent address indicates that prosperity is here. I regret to say that all business is being put to the severest test. While we all hope that there may be substantial recovery, it is not here as yet, and the prospect is not very promising, as it appears to me.

That, however, was not what I arose to say. I desire to refer to the statement of the Senator from Idaho [Mr. BORAH], reinforced by the reading of many letters, upon the basis of which the Senator expressed the hope that the Secretary of Agriculture would withdraw the processing tax. I was wondering if the processing tax should be withdrawn, whether there would be any method under the A.A.A. to bring about agriculture recovery. The processing tax was announced by the promoters of the legislation as a basis for the assurance of an increase in the price of commodities. Wherever the processing tax could be assessed on the con-

sumer, we would have an increase in prices, but if the processing tax were assessed on the producer, it would not only take up all the advantage of the increase in price but would probably be a direct injury beyond what had been suffered before the law was passed. If there is any way for the Secretary of Agriculture to withdraw the processing tax, I should like to see it done; but what would become of the administration of the law if it were done?

I was impressed greatly with the observations made by the Senator from California [Mr. JOHNSON]. I was impressed by the statement that there was no complaint to be offered against the Secretary of Agriculture. I agree with him as to that. The Secretary of Agriculture was given the authority to lay and collect taxes; and if he has the authority and exercises it, there is not any basis for us to complain of his action. I simply rose to state that there were 20 Members of this body who refused to give to the Secretary of Agriculture such power over taxation. I wanted to state this much while we were discussing the question of taxation, because in the writing of any taxing bill there should be uppermost the idea of clarity, definiteness, the avoidance of ambiguity, so as to relieve any necessity of judicial construction or interpretation of what a law is. I think that has been observed in a large way in the pending bill as reported by the Committee on Finance.

It is in direct, sharp contrast with the law we call the Agricultural Adjustment Act. That law is replete with uncertainty. There is no element of clarity in it. There is no one who can tell what the tax will be. The authority to lay the tax, usually regarded under the Constitution as the Congress, is delegated to an individual, and the individual himself does not know what the tax will be. The authority under which he is acting is as follows:

The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amount so estimated.

That involves a mere guess. No one knows what the tax will be. Not only that, but, as I see it, that is a clear contravention of the authority under the Constitution which requires that all moneys that come out of the Treasury must come by virtue of an act of Congress; while this law ab initio appears to authorize a drawing from the Treasury of funds that are not yet in the Treasury, and even funds to be made up by assessments that are not yet made. It seems to me it is a far stretch of authority. Usually all moneys collected are collected under certain regulations. All moneys collected go into the Treasury. Here are moneys which are to be expended before they get to the Treasury. That was authorized by the act of April 1933. On that occasion this statement was made:

The tax is not yet fixed. The tax is not yet collected. The tax is supposed to go to the Treasury; but the tax is taken out of the Treasury, in violation of the Constitution, by the act that authorizes it to be placed in the Treasury, the appropriation being made even before the tax is collected.

Nothing like this has ever been suggested in either legislative body of our country since its beginning. The law reads:

To obtain the revenue for extraordinary expenses incurred by reason of the existing national economic emergency, including expenditures for rental and benefit payments and administrative expenses under this title, there shall be levied processing taxes as hereinafter provided.

That tax is uncertain. We do not know what it is.

Then the law continues:

The rate of tax shall conform to the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture.

They are not determined by Congress but by an appointive officer. I read further:

Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements.

That provision not only authorizes the Secretary of Agriculture to fix the tax, but at any time he may change it or modify it. The attribute of clarity which is elemental in taxation is entirely eliminated by express provision of the law.

I continue to read from the law:

The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity.

On the occasion of the debate on that measure, a statement was made on the floor of the Senate, which I am about to read. Asked the reason why such authority was given, this statement was made, and I think it was a correct statement:

I think I need not say that so far as I know the present Secretary of Agriculture is a man of very capable mind. It is not that to which I object, but we are giving over to one person the power to fix something when nobody knows what it will be, and then give it the force of law.

Then I quote the requirements of the law:

The processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value of the commodity, except that if the Secretary has reason to believe that the tax at such rate will cause such reduction in the quantity of the commodity or products thereof domestically consumed as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity, then he shall cause an appropriate investigation to be made and afford due notice and opportunity for hearing to interested parties.

That was in order that there might be a further reduction of taxes. We are complaining today, 10 months after the law went into effect, of the precise effect against which the country was warned at the time. Of course, we cannot find fault with the Secretary of Agriculture, but we should find fault with the foolishness of the original legislation.

Now we have gone to the point where we cannot repeal the legislation. We are in the process of distributing a large amount of money to the individual farmers. While that is being done to the satisfaction of some of the farmers, it is producing a very unfortunate attitude of mind throughout the country. For example, the largest wheat grower in my section of the country does not need any subsidy; yet under the administration of the reduction plan on a great estate he reduced the acreage for which he was paid an enormous amount of money from the Treasury of the United States. He immediately said, "This is fine for me. It is more money than I ever received from the farm at any one time, but I am wondering why I should have obtained it."

Then the neighbors, the small wheat growers, who know that the man does not need that subsidy, feel that the Government has done the wrong thing in paying out of the Treasury, to one who does not need it, a large sum in pursuance of the law. That very farmer is put under suspicion by his neighbors, who think he is being specially favored. It is not a special favor. It is simply the administration of the law. The whole thing seems to me to be artificial, and the law really ought to be modified; yet we have gone so far and made our obligations so fixed that everybody is now saying, What would be the effect if we should repeal the law? It seems to be the general opinion that we cannot repeal it or that we ought not to repeal it.

Mr. President and Senators, I say that legislation of this sort, which we launched with much trepidation, with Senators voting for it without their own approval, but merely because there was an emergency, feeling it was probably the only thing they could do, is not the right kind of legislation for us to enact. The difficulty is that under the force of an emergency we do things that we cannot later undo. I am of the opinion that with the operation of the Agricultural Adjustment Act, with all of the complaints about inequality, as well as the admitted failures as in the case of voluntary reduction of cotton acreage—with all those things being cumulative, the effect will be that we will have to modify it even if we do not have to repeal it.

I have mentioned this matter only because we are discussing the question of taxation today, and the question of clarity of taxes seems to me quite important. I am of the

opinion that the proposal now before us, while it may contain some elements of confusion, rather tends to clarify the law.

Mr. President, I had intended to ask for a reprinting of some of the statements made on April 14, 1933, pointing out what we would face if we should launch upon legislation of this sort; but I shall not take the time to do it.

Before I take my seat I desire to say that recently an article appeared in the magazine known as "Aviation," in which the general payments under the air mail law were discussed; also the bull market in which stocks went so high; also the conditions essential to a successful aviation industry, as well as the almost certainly assured profits to the Government if the industry shall be continued, with suggestions of some modifications that should be made in the law. I had intended to comment upon this article, but out of deference to the wishes of the chairman of the committee I shall not take the time to do so. Instead I ask unanimous consent to have the article by the editor of Aviation, Edward P. Warner, printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The article is as follows:

AIR MAIL—THE RECORD IN THE CASE

By Edward P. Warner, editor of Aviation

The composition of this story is undertaken almost at the very moment when the first Army airplane is taking off with the first load of mail. About the most dramatic week in the history of aviation has attained its climax.

One's first impulse when the news of the cancellation came through on the evening of February 9 was to give way to impotent despair at a situation that seemed so destructive and so incomprehensible. For a good 4 days the aeronautical world spent its time in trying to fit the evidence together in some coherent fashion and to get some idea of what it all meant. It seemed inconceivable then, and it seems inconceivable still, that anyone really intended that the existing air-transport system should be leveled to the ground and rebuilt by a painstaking reassembly of its various elements into wholly new patterns.

Rational comment is badly needed. This is no time for emotion. The American people have so far had only a fragmentary presentation of the case. It ought to be laid before them in full, and it ought to be laid before them in terms of definite evidence. In discussing the cancellation and its consequences we must stick as closely as possible to the record of actual facts and to the provable lessons of experience at home and abroad.

We shall try to do just that, but before taking up the charges that have been made against the American air-mail lines and attempting to examine and to interpret them, there are a couple of things that must be said in more general terms. The first is that we explicitly and without qualification dissociate ourselves from any criticism of the administration's motives. We are absolutely certain that the President intends that America shall have a first-class air-transport system, and that he will take any action that he considers necessary to that end. We do feel that the action so far taken has been very unhappy and that there has as yet been no showing of any necessity for sudden general cancellation while the investigation was still going on, but we take for granted the essential soundness of the President's ultimate aims. We are only anxious that the progress towards those aims should be a sure one, with a minimum of injustice and waste and with full advantage taken of the record of past experience to guard against costly and time-consuming missteps along the way.

The second point on which we wish to make ourselves clear is that we have not the slightest sympathy with or tolerance for individual wrong-doing. Wherever criminal practices have existed, they should be dealt with severely. We have not the slightest desire in the world to protect any guilty party, if a guilty party can be found. We do wish to protect the innocent.

It seems to us, to put it very mildly and conservatively, that the American public has been getting an extraordinarily one-sided view of air transport during these past few weeks. Even the people who are in the business have very commonly received the same distorted impressions, for naturally the daily press is concerned mainly with the sensational aspects of an investigation and very little or not at all with the tremendous amount of technical detail that necessarily underlies it. Probably not 2 percent of the readers of Aviation, and certainly not one hundredth of 1 percent of the interested general public, have had the opportunity of reading even a major part of the specific record of fact relating to the air-mail contracts and their administration, and of working out for themselves all of the figures of mileage flown and extensions granted and compensation paid under various contracts and the like that are pertinent to the administration's action and to its probable consequences.

CONFERENCES FOR ALL

The full explanation of the cancellation of the contracts is still very far from clear, but some things have become apparent. It has become apparent, for example, that the meetings of air-transport operators in the spring of 1930 are now considered as having

been collusive and conspiratorial, notwithstanding the fact that their existence and purpose was more or less fully described in the daily press and much more fully described in the pages of *Aviation* at the time. It is worth recalling after a lapse of 4 years that this magazine made repeated report of just what was being done to build up an effective national air-transport system and to maintain competitive lines so far as possible. It is worth recalling that not by any means all of the groups represented at the Postmaster General's conference were air-mail contractors, either then or thereafter, and that on the other hand well over 90 percent of all the transport mileage then being flown was fully represented at the conference, with no operator of any importance missing.

It has not been sufficiently recognized that a major part of the essential structure of the air-mail system had already been laid down prior to the 1930 conference and has been unchanged since that date. Substantially 60 percent of the total domestic air-mail operations at the end of 1933 were being carried on routes that existed at the time of the Post Office conferences of 1930 and that were still, at the end of 1933, in the hands of the original contractors or their direct successors by purchase. To have transferred or (as was the case with most of the routes concerned) to have newly created only 40 percent of the total of air-mail operations within the course of 3½ years seems by no means remarkable or excessive in a field so new, and one that has been developing and expanding so rapidly, as has been the case with air transport.

There has been too little attention paid also to the fact that Congress very wisely decided in 1928, even before the beginning of Mr. Brown's term in the Post Office, to get away from the periodic reopening of air-mail contracts and their reaward by competitive bidding. It was recognized that to build up and maintain a proper organization some assurance of long-term operation was absolutely indispensable, and the air mail law was accordingly amended to provide reasonable assurance of a 10-year period of operation for any holder of a contract.

In order to harmonize the system that had grown by bits, Congress further provided in 1930 for certain extensions of routes. There was nothing covert or ambiguous about the provisions for the extensions, and out of the total of operations at the time of the cancellations only 20 percent was over routes that had been covered by extensions granted by the Postmaster General. A substantial majority of all operations on February 10, 1934, was covered by contracts that had been let as the result of competitive bidding, with two or more competitors.

PAYMENTS EXCESSIVE

The allegations of improper practices in the making of contracts are supplemented by allegations of waste and of excessive payments under certain contracts or route certificates. The fact is, of course, that the air-mail appropriation has always been recognized by all parties, including presumably all Members of Congress, as a device for building up and maintaining an air transport system. It has always been recognized as something more than a mere payment for the carriage of certain letters at the payment of so much per letter. In the earliest stages of air transport it was necessary that payments be on a rather generous scale to cover the risk of entering in an entirely new field and providing the necessary material and organization. As the transport business began to progress the rates of payment by the Post Office Department were rapidly reduced. They have never been on a large enough scale to permit of the making of any very substantial operating profit by even the most fortunate operators (according to the very careful study made of the income and expenditures of air-mail contractors for the House Post Office Committee by a special investigator a year ago), and for a very large part of the air-mail system there has actually been a net loss over a considerable part of its history.

The Post Office Department has made frequent and drastic reductions in the amount paid for carrying the mails, as is shown forth statistically in the pages in this issue that are devoted to reviewing the general record of air transport. When it is suggested now that less than half as much money need have been spent if payment had been made only for service actually rendered, the point is overlooked that upon those terms it would have been impossible to induce anyone to start proper air transport lines or to operate them on a proper basis. The actual saving under any such heroic policy as that would have been not a mere 50 to 60 percent, but almost 100 percent, for most of the air transport lines would have gone out of business and would have ceased either to receive any pay from the Government or to render any service to anyone. That observation applies to the general suggestion that substantial savings could have been made on the system as a whole under some imagined set of conditions, and it applies also to the collateral suggestions that excessive payments have been made on certain individual routes. In one case the scale of payment suggested by the Postmaster General would have been equivalent to requiring an operator to carry the mail over a route where very little passenger traffic was available at a gross payment of 4½ cents a mile.

AVIATION AND THE BULL MARKET

May it finally be suggested, before turning to more general observations upon the relations between governments and air lines and the teachings of experience concerning the development of air transport systems, that public opinion has fallen into a sad fog of confusion concerning the relationship between operating profits of a transport company and profits that were or theoretically might have been made in speculative transactions by certain fortunate or far-sighted individuals. It is no news that there was

a bull market in 1929, and that the whole stock market rushed up to heights that can now be seen to have been ridiculously inflated. The aircraft stocks were about as bad as the rest, but no worse than a good many others. Public enthusiasm for the prospects of aviation had arisen, almost without need for promotion or encouragement, to heights that the soundest heads in the industry themselves recognized as ridiculous.

As a matter of fact, a great many of the insiders, even among those who were speculatively inclined, were unable to make any substantial amount of money on the stock market in that period because they saw only too clearly the absurdity of the heights to which prices were being pushed and sold whatever securities they themselves held at a very early stage in the rise. Many of them, including officials of the companies that have been most bitterly attacked in recent months, went further and made public statements warning against the boom psychology then rampant and by implication against the absurd levels to which the prices of aeronautical securities were being driven. It was during the climactic stages of the boom that an old hand in Wall Street with a special interest in aviation and an expert knowledge of the field remarked to the editor of *Aviation* that "the present prices of aircraft stock bear no possible relationship either to the present earnings or the future prospects of most of the companies concerned. They signify simply an apparently insatiable public demand for certain pieces of paper, of which there is only a limited supply and which represent a part ownership in an industry of peculiar romantic appeal." All that had little or nothing to do with the aviation industry, and the industry should not be indicted for prices made by the folly of speculators who in most cases were utterly ignorant of everything connected with aviation and had no inclination to make the effort necessary to learn anything.

IF WE ARE TO HAVE AIR TRANSPORT

But now we must turn again from the specific to the general and dig deep into the fundamentals of the problem. There are certain facts that must be borne in mind if America is to have any air transport system at all, and particularly if it is to be under any form of private ownership.

The first of the essential facts is that air transport requires, as most other forms of transportation have required in the early stages of their development, and as some of them still do, Government assistance. There is every reason to suppose that in the course of a few years we shall evolve out of dependence on anything even remotely resembling a subsidy, and some lines exceptionally favored by passenger traffic have already been carrying the mails at a gross cost to the Government no greater than the income from postage, so far as that income can be determined—or, in other words, at no net cost to the Government whatever or even at a small profit. Such lines are still, and are likely for the next few years to remain, the exceptions. The general rule is that there must be Government support.

NEW CONTRACTS FOR EACH ADMINISTRATION?

That being the case, it is indispensable that some means of allocating support be found. One point on which we can be immediately clear is the undesirability of periodic reassignment of contracts, or route certificates, or subsidies, or whatever particular documents may embody the Government aid. European countries have had an immense amount of experience with the assignment of air-transport subsidies on a hand-to-mouth basis, and all the experience has been bad. Without exception, the major countries have finally been forced as a result of their trial with other systems to adopt the principle of long-term contracts, running 10 years at the very least and in some instances for more than 20. When the suggestion is made that the thing to do is to let contracts for carrying the mail for a 4-year period, and then to re-advertise and reaward them as a result of new bidding, and then presumably after 4 years more to do the same thing again, it is equivalent to a suggestion that America should have no real air-transport system at all. No one who has the slightest understanding of the dependence of transport flying on ground organization and of the amount of money that has to be spent on perfecting that organization will suppose for a moment that it would be possible to persuade any sensible man to assume the expense of providing the necessary ground facilities and of getting an organization together in the face of the prospect that it would all have to be sold for junk at the end of a 4-year period as the result of the reaward of the contract in other quarters. To adopt any such policy as that would be just exactly as foolish as for a city government to offer 4-year franchises for street-railway operation with no presumptive right for the recipient of the franchise to continue running after the 4-year period has expired, and with a consequent necessity of amortizing the entire cost of laying the track and purchasing equipment over that brief span of time.

A BUYER'S MARKET

No doubt it will be said that if these costs are so high, the group that has once assumed them and that has been running for 4 years will be assured of being able to underbid any outside competitor when after a very few years the contract is reopened for reawarding. It is by no means possible to be sure of it. There is always the chance that some entirely new group interested primarily in securing a contract for promotion purposes and as a foundation for the rearing of a financial edifice will offer a bid so ridiculously low that the operator who has to make his operations clear expenses cannot hope to compete with it. The possibility always exists, also, that an outside bidder may feel that he can go to a very low figure precisely because of his confidence that if he receives the award of the contract, he will be able to cut his

operating costs by securing both his ground and flying equipment at junk prices from the previous operator, who, after the destruction of the basis upon which his only chance of running profitably reposes, will naturally offer his equipment for sale for whatever it will bring in the only market available. No less distinguished a commentator upon American affairs than Arthur Brisbane has actually suggested the availability of such distress merchandise as a means of reducing costs. Proposing in his column that the Army might undertake the carrying of passengers as well as mail, Mr. Brisbane observed: "And he (the President) might get great bargains in almost new planes for mail and passenger traffic. Companies, unable to operate without post office income, might sell cheap." Any such policy of distress merchandising, whether it concerns sales from private operators to the Government or forced sales from one private operator to his successor in possession of the contract, seems to us utterly alien to any spirit of fairness, and particularly alien to the spirit of N.R.A.

We can imagine nothing that would be more distasteful to the present administration than the creation of a situation likely to result in such injustices, and we are quite certain that the administration has no desire to employ a method of letting air-mail contracts which would operate to keep the lines running on a shoe-string basis and to prevent their risking necessary expenditures for the installation of facilities that would promote the safety and the reliability and the efficiency of their services.

Before we turn to detailed examination of the precise ways in which the beneficiaries of Government aid should be selected, the question of the form that the aid should take deserves at least a passing glance.

Most of the countries of Europe, and, in fact, practically all the countries in the world except the United States and Canada, have proceeded by giving direct subsidies to aviation. In Canada and in the United States the Government has operated rather through awarding contracts for carrying the mails by air. Either system is perfectly feasible if properly handled. Either one is capable of giving terribly bad results if misapplied. Most of the European countries have had more or less extended periods of very unhappy experience with subsidies, as many of the subsidy laws have been so drawn that they gave very little encouragement for the development of a genuine commercial traffic, and, in fact, in some instances they have positively discouraged it. Some of them by elaborate regulations concerning the bonuses to be paid for various types of equipment have resulted in the development and adoption in transport service of aircraft of characteristics extremely uneconomical or unsafe, or both.

PROFITS AHEAD FOR THE GOVERNMENT

A subsidy law can be drawn which will be immune from those drawbacks, and some of the European subsidies are working out in a reasonably satisfactory fashion. On the whole, however, the air-mail contract has seemed a more satisfactory device for aiding aviation in the Western Hemisphere, as it has carried within itself the mechanism of the extinction of the subsidy feature.

As the mail traffic has increased and as periodic reductions have been made in the payments for carrying the mail, the goal of complete self-support has been steadily approached and in fact has actually been reached on certain routes. It appears that at least two of the routes upon which route certificates are now outstanding as extensions of contracts originally entered into some years ago are actually returning to the Government in revenue received from the sale of air-mail postage more money than is paid to the operator of the air lines for carrying the mail. The subsidy in those cases, in other words, has dropped to zero or even been converted into a profit. In a couple of other instances the border line has been reached and the air mail is at least very close to being on a basis profitable to the Government and very soon would have reached such a basis as the normal result of a normal continuance of the process that has been going on for the past 4 years.

POUND-MILE PAYMENTS AGAIN

The suggestion is now being made that the payment to the contractors for handling the air mail should be put on a wholly new footing and that it should be proportioned to the amount of mail traffic calculated in pound-miles rather than simply to the number of miles flown by the company's mail-carrying planes. A number of bills to accomplish such a change of basic type of compensation has been introduced in Congress, and they have the very strong support of Representative MEAD, Chairman of the Committee on the Post Office and Post Roads. Unfortunately some of the talk about the development of new air-mail legislation has perhaps led the lay public to suppose that the order canceling the contracts was a necessary or desirable preliminary to the revision of the basis of payment and to putting the Air Mail Service upon a sounder and more consistent economic footing. So far from that being the case, practically all of the air-mail operators have been quite ready to welcome a change from mileage to pound-mileage payments at any time during the last 2 or 3 years. Some of them have been enthusiastic advocates of such a change.

The bills now being discussed with the object of revising the air-mail postage downward, of creating new classes of air-mail matter such as the airgram or airbrief, and establishing a flat pound-mileage rate, are very closely similar to the Kelly bill introduced in Congress in 1933 and regarded with considerable favor, either exactly as it stood or in slightly modified form, by most of the air transport companies. Even if there had never been a Black committee nor an investigation nor an air-mail contract cancellation, the adoption of the pound-mileage system of payment would have been a natural development of the very near future, and indeed it has for some time been generally be-

lieved by those interested in air transport that that system was the natural one and that it would in due course be adopted with the cheerful acquiescence of all parties concerned.

In this same connection it is worthy of note that whereas the air-mail contractors, and especially the largest of the contract-holding companies, have been subject to much denunciation in the last few weeks because of their "greed" and of their exaction of excessive sums from the Government, the largest of all those systems would actually receive substantially more money either under the fixed rates proposed in the Kelly bill of 1933 or those suggested in the Mead bill now under discussion than has been paid to that operator during the last 8 months under the old system. Another of the very largest operating companies would receive practically the same amount of money under the Kelly bill as under the mileage payment that has been fixed by the Postmaster General in recent months, and only a little less under the rules promulgated in the Mead bill than under that which has actually been prevailing.

If it be accepted as proven that there must be Government assistance of some kind and that it must be extended on a long-term basis if a proper system is to be maintained, it remains only to be considered how that assistance should be allocated. It is obviously impossible to hold out the offer of Government aid to all comers. There must be some discrimination. Under any administration or under any method of awarding contracts that may be used there will be some people or some corporations that will get the contracts and others that would like very much to have them but will fail of an award.

Under any conceivable system involving any degree of private ownership, after the awards have been made and the tumult has died away, it will be found that there are still insiders and outsiders, with the latter able in some cases to operate (usually on a very restricted scale) without government assistance because of exceptionally favorable conditions or as a result of paying exceptionally low wages to personnel or of omitting safeguards generally thought to be desirable.

ONE BIG COMPANY

In this respect also the experience of all the major European countries coincides with our own. In each of the principal states of Europe, in fact, concentration of the benefits of government assistance has been carried to such a length that there is a single subsidized company, while a number of other small groups run scattered and more or less seasonal services without government help. In Great Britain, for example, in 1922 there were three separate British companies carrying passengers by air between London and Paris and other continental points, and all of them were subsidized by the Government. It became apparent in due course that that was nonsensical, and the Government forced all the various interests to get together and to form Imperial Airways. Imperial Airways is a privately owned company, its stock listed upon the London Stock Exchange. Its routes and schedules have been revised and extended from time to time by direction of or in agreement with the Government, and the company now receives and has for almost 10 years received the entire British transport subsidy. In short, the British Government has made, and a succession of governments of various parties has confirmed, a selection of a particular group of private individuals to operate British air transport. An initial consolidation and subsequent extension of routes have been arranged by governmental direction. In short, the British have done, with apparently general approval, essentially what the Postmaster General here was engaged in doing in 1930, except that he tried as far as possible to retain the competitive system, with the several transcontinental routes independent of each other, and that Congress never gave him powers as extensive as those which the British Government felt free to exercise in dealing with Imperial Airways and its various predecessor companies. The story of air transport in Germany and in France, though differing from that in Great Britain in detail and in respect of the time at which various things have happened, has been essentially the same in its general course.

To return once more to the question of method of allocation, of course, the first possibility that occurs to everyone is the use of competitive bidding. We have already mentioned that repeatedly as though it were to be taken more or less for granted. It is, as a matter of fact, the system that has been used throughout, for approximately 80 percent of the volume of air-mail operation at the time of the cancellation order was on routes that had been awarded in open competition. In the letting of the 34 domestic air-mail contracts that have at various times been outstanding there were two or more competitors for 24 of the routes, and most of the 10 contracts for which there was only a single bidder were short and relatively unimportant. Three of those 10, as a matter of fact, were very shortly canceled and service suspended.

Perhaps competitive bidding is the best method to use whenever new contracts have to be awarded, but certainly it must be used with some care. It must at all times be remembered that the fundamental object of Government assistance is to build a strong and well-run air transport system, and not merely a cheap one. It must be realized that that goal is only likely to be attained by strictly limiting service to responsible and experienced groups controlled by people who give every evidence of their intention of staying in the business, of rendering a constantly improving service, and of taking the fullest possible advantage, at the earliest possible moment, of every new scientific development. It must be borne in mind that competitive bidding for an airline is unlike almost every other form of competitive bidding, in that the figures on the bid submitted are likely to have very little to do with the actual cost to the Government of running the service. In this

rapidly developing art it would be incomparable folly for the Government to tie itself down for any considerable length of time to pay air-transport companies at a flat and invariable rate. Some of the European countries have tried to get around that difficulty by letting subsidy contracts on the basis of a specified rate of diminution in the subsidy payable, but that also fails to work out very well because of the virtual impossibility of foreseeing the situation of 5 or 6 years hence or the amount or type of assistance that may then be needed in so new and so swiftly changing a field.

HIGH BID OR LOW?

It is absolutely necessary that there should be administrative discretion somewhere for the periodic revision of the terms of contracts and of the compensation payable under them. It is necessary, in other words, that some agency of the Government should be free, within a comparatively short time after a contract has been entered into, to reduce the compensation payable under that contract to below the level of the original bid. Under those circumstances it may well be that, whether the contract is originally awarded to the lowest bidder or to the highest one, the rate of payment after a couple of years will be exactly the same. That as a matter of fact is what has been happening over the last 3 years. At the time of the cancellation there was not a single air-mail contractor who was being paid an amount even closely resembling that which would have been due under the terms of his original bid, and in practically every instance the rate of payment had been sharply and repeatedly reduced to far below the amount fixed at the time the contract was first awarded. Even from the point of view of simple economy for the Government, the major concern in awarding a contract must be with the responsibility and character and apparent ability of the would-be contractors rather than with the figures that they put into their tenders—figures which will within a comparatively short time become meaningless in any event as the result of the development of the art and of the periodic revisions that become necessary in consequence.

Another point to be borne in mind in connection with competitive bidding is that the passage of any kind of a law fixing a uniform scale of payment would appear to make the competitive system in its ordinary form unworkable. If every carrier of the mail is to get 2 mills per pound-mile, in what form are bids for a new service to be submitted? Or upon what basis is competition to be held? When suitable legislation reorganizing and perfecting the basis of payment has been enacted, it will be more than ever clearly logical that awards shall be made upon the apparent relative responsibility and experience of the competitors and upon the presumed or anticipated qualities of the services that they could severally offer.

COMMISSION CONTROL

There are various ways in which contracts may be awarded, at least as to the first step in the classification of candidates. The first move may be to ask for bids or it may be to shake dice, but in any event before an award is actually made it is absolutely indispensable that some administrative agency have the fullest possible measure of discretion in deciding which of the proposals is most advantageous, taking everything into consideration, and which is likely to give the best results through all the modifications and revisions and new developments that will be necessary over a long term of years. In the past that administrative agency has been wholly in the Post Office Department. That seems to us a somewhat unsatisfactory state of affairs, and the editor of Aviation has repeatedly argued, both in the pages of this magazine and elsewhere, that the award of Government aid to air transport through air-mail contracts or otherwise and the fixing of the financial relations between the air-transport operators and the Government should be put in the hands of a commission of an absolutely nonpolitical nature, its members appointed for long terms. The events of the past month confirm and in fact multiply a thousandfold our conviction that that would have been in the past, would be now, and certainly will be in the future, the wisest course and indeed the only sound one. Certainly it is earnestly to be hoped that a flinging of the whole system into the maelstrom of competitive bidding, with its concomitants of fresh antagonisms and a feverish rush of new air-line promotions, can be avoided, and that the administration's basic purposes can be attained without too violent a rearrangement of the present map—or too vigorous a disruption of the existing organizations.

Mr. FESS. I thank the Senator from Mississippi. I have said all I desire to say at this time.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 552. An act for the relief of Manuel Merritt; and

S. 1484. An act for the relief of Miles Thomas Barrett.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H.R. 881) for the relief of Primo Tiburzio.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 2639) for the relief of Charles J. Eisenhower.

The message returned to the Senate, in compliance with its request, the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, I should like to turn to the first amendment contained in the bill—not a Senate committee amendment, but the provision appearing on page 6, which does not appear as an amendment in the bill but is an amendment to the law, and it is one in which the Senator from Michigan [Mr. COUZENS] is interested. I shall be glad if we can take up that matter at this time.

Mr. LA FOLLETTE. Mr. President, it seems to me that we ought to pass upon the question of the rates before we decide upon changing from the fiscal-year to the calendar-year basis. That is the procedure which we followed in the committee.

Mr. HARRISON. It is immaterial to me whether or not we settle the matter at this time. Of course, it would change the whole bill if this amendment should not be adopted, so I thought perhaps the Senator from Michigan would prefer to take it up first.

Mr. COUZENS. Mr. President, I am inherently against the provision because it changes the old law in that heretofore taxpayers on a fiscal-year basis have been required to pay the tax in relation to the number of months of the fiscal year during which they operated under the specific tax law.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. I do.

Mr. LA FOLLETTE. If we are going to take up the bill at this time, it seems to me we ought to have a quorum, because many Senators have left the Chamber and perhaps are not aware that we have returned to the tax bill. Will the Senator from Michigan yield to me for the purpose of permitting me to suggest the absence of a quorum?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reed
Ashurst	Davis	Keyes	Robinson, Ark.
Austin	Dickinson	King	Russell
Bachman	Dieterich	La Follette	Schall
Bankhead	Dill	Lewis	Sheppard
Barbour	Duffy	Logan	Shipstead
Barkley	Erickson	Lonergan	Smith
Black	Fess	Long	Steinwer
Bone	Fletcher	McAdoo	Thomas, Okla.
Borah	Frazier	McGill	Thomas, Utah
Brown	George	McKellar	Thompson
Bulow	Gibson	McNary	Townsend
Byrd	Glass	Metcalf	Tydings
Byrnes	Goldsbrough	Murphy	Vandenberg
Capper	Gore	Neely	Van Nuys
Caraway	Hale	Norris	Wagner
Carey	Harrison	Nye	Walcott
Clark	Hastings	O'Mahoney	Walsh
Connally	Hatch	Overton	White
Coolidge	Hayden	Patterson	
Copeland	Hebert	Pittman	
Costigan	Johnson	Pope	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. COUZENS. Mr. President, it is rather difficult to understand the changes in the law that are proposed in this bill.

The print we have before us on page 6, title I, changes the existing law. The old law, which I have here in the form of a committee print, provided that any taxpayer on a fiscal-year basis should pay, for the proportion of the year represented by his taxable year, on the basis of the rates in existence at that time. The House bill as approved by the Senate committee provides that the changes in the law shall take

effect on January 1, 1934, so that it is necessary for me to give an example of what would occur in case we should approve the change in the law; and the statement is rather difficult, because this is not a committee amendment.

In other words, title I, on page 6, affects several dozen provisions in the bill. It is not confined to any one provision. Therefore it should be laid over until every other paragraph in the bill has been acted upon; and in view of the fact that this provision affects nearly every other paragraph in the bill, I desire to ask the Senator from Mississippi if we would not make time by passing it over for further consideration?

Mr. HARRISON. If it is the desire of the Senator from Michigan that it be passed over, it is perfectly agreeable to me. I merely wish to make some progress with the bill. Of course, written throughout the bill are the effects of this amendment of existing law.

Mr. COUZENS. Yes.

Mr. HARRISON. If this amendment of existing law should be changed, we should have to change the bill in many particulars; but if it is the desire of the Senator not to take up this provision at this time, we will proceed to something else.

Mr. COUZENS. I wish to make it plain to the Senator from Mississippi that it is not particularly my desire. I want the Senate to understand it, because it is a matter to which we must refer later on in any event, it seems to me, because it does change the existing law, and if the rates are changed materially, later on they will be materially affected by the adoption of this particular section.

Mr. HARRISON. I will ask that this matter be passed over for the present.

The PRESIDING OFFICER. The Chair desires to state that there is no amendment pending before the Senate with reference to this portion of the bill. The language shows it to be an amendment to the present law put in by the House, and it has not been changed by the Senate committee.

Mr. COUZENS. May I explain to the Chair that the general practice of handling bills is not being followed in this case, because there was no unanimous-consent agreement entered into that the bill be considered for committee amendments only. I had a distinct understanding with the Chairman of the Committee on Finance that that would not be asked during the consideration of this bill, because the fundamental law is changed in many paragraphs of the bill, and not by the Committee on Finance.

Mr. HARRISON. Mr. President, the Senator from Michigan is correct in that respect. May we now turn to page 23 and take up the amendment touching annuities? I suppose we had better pass over the rate structure at this time.

Mr. LA FOLLETTE. Mr. President, I want to accommodate myself to the procedure the Senator from Mississippi desires, but I understood the Senator preferred that we take up some of the less controversial items and make some progress, and then come back to the controversial items, as we did in the committee.

Mr. HARRISON. I should like to clear up all these propositions, then take up the rate structure, and then the excise taxes.

Mr. LA FOLLETTE. As I stated to the Senator in conference with him yesterday, that is agreeable to me, if he prefers that procedure. That is the one we followed in the committee, and perhaps it would be the best one to follow on the floor.

Mr. HARRISON. I should like to take up the amendment passed over on page 15.

The PRESIDING OFFICER. The clerk will state the amendment on page 15.

The CHIEF CLERK. On page 15, line 14, after the word "income" and the period, it is proposed to strike out:

Amounts received as annuities under annuity or endowment contracts shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid (whether or not

paid during such year), until the aggregate amount excluded from gross income under this title or prior income-tax laws equals the aggregate premiums or consideration paid.

And insert:

Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income (until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity): (A) the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), or (B) the entire amount of the annuity if the sum thereof and amounts of other annuities received in the same taxable year is not more than \$500.

So as to read:

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts and other than amounts received as annuities) under a life-insurance or endowment contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income (until the aggregate amount excluded from gross income under this title or prior income-tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity): (A) the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), or (B) the entire amount of the annuity if the sum thereof and amounts of other annuities received in the same taxable year is not more than \$500. In the case of a transfer for a valuable consideration, by assignment or otherwise, of a life-insurance, endowment, or annuity contract, or any interest therein, only the actual value of such consideration and the amount of the premiums and other sums subsequently paid by the transferee shall be exempt from taxation under paragraph (1) or this paragraph.

Mr. COUZENS. Mr. President, this tax on annuities is something new, it is new law, and this presents one of the difficulties in handling the bill, because the matter does not arise in the form of a committee amendment. As I recall, the Senator from Pennsylvania [Mr. REED] was particularly active in the committee with respect to annuities, and I think the Senator from Mississippi or the Senator from Pennsylvania should explain fully that this is a new tax, and the purpose of it.

Mr. HARRISON. Mr. President, I had understood that an amendment would be offered by the junior Senator from Rhode Island [Mr. HEBERT] to this amendment, and then I expected to explain it.

What is done in this provision is this: For the first time we have attempted to tax annuities and we have imposed what we conceive to be a very small tax on them. We propose to include in income subject to tax only 3 percent of the amount paid for the annuity.

Mr. COUZENS. Mr. President, is the Senator quite correct in saying that we impose a small tax on annuities?

Mr. HARRISON. It is 3 percent.

Mr. COUZENS. No; we add 3 percent of the annuities to the gross taxable income. It is not a 3-percent tax.

Mr. HARRISON. That is quite true, as I am going to try now to illustrate. Suppose I go to an insurance company and purchase a 10-year annuity and pay in a hundred thousand dollars. They pay me back in the first year, say, \$10,000. Three percent of the hundred thousand dollars is included in net income. That would be \$3,000. That \$3,000 is added to the taxable income of the particular person, and then the rates of tax are applied to this taxable income. The other \$7,000 is considered return of capital and is not taxed.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. HARRISON. Certainly.

Mr. REED. When insurance companies figure the amount that can be paid annually on annuity contracts, they calculate, first, the rental value of the principal during each year. Then, according to the expectancy of life of the individual, they compute how much of the principal can be returned to the annuitant, based on that expectancy. Their calcula-

tions involve, first, the interest on the money; second, return of principal during the balance of the probable life of the individual.

In Great Britain the whole amount of such annuities is taxed as income. It did not seem fair to the Treasury—and this suggestion comes from the Treasury—to tax that part of the annuity which represents the return of principal, but it did seem fair, and it seemed to the committee that it would stop a most important loophole, to tax that part of the annuity which represents interest on the capital. That factor is generally computed by the insurance companies at 4 percent, but obviously, since the principal is diminishing a little each year, it would be unfair to tax every year 4 percent of the original principal, because that would be more than the remaining principal after the expiration of 2 years.

Consequently the Treasury, in the effort to reach a fair mean, has fixed on the figure of 3 percent. That is less than the interest return on the money in the early years, and it is probably more than the interest return toward the later years of the annuity. That is the way the arbitrary 3 percent was arrived at.

Mr. President, this is the view the Finance Committee took by a considerable majority—

Mr. HARRISON. The Senator might state that in order to let the little fellow out we provided that an annuity of \$500 or less should not be taxed.

Mr. REED. Yes. The effect of this, then, is to take the aggregate of the premiums paid by the annuitant, or the lump sum which he pays, as many of them do, and figure 3 percent on that as being interest, and therefore income, and that 3 percent of the original principal is included in the gross income of the taxpayer, and is subjected to the ordinary normal and surtax rate.

This has been objected to very strongly by insurance companies, insurance agents, and by people who have bought annuities, and it is quite natural that they should object, because such annuities have been sold for years on the representation of the agents that they were totally tax free until the whole amount of the principal had been returned to the investor. It does seem harsh in the case of those annuitants to have the rule changed in the middle of their annuity period, but, on the other hand, I think it is equally true that this represents probably the biggest loophole in the present income tax law. I concede that we would be highly unfair if we should go as far as Great Britain goes, and should tax the whole annuity, but it seems to me that we strike a rather respectable average in the plan we have incorporated in the bill.

I think the Finance Committee's amendment is to be preferred over the House provision, because it does exempt the very small annuities, those under \$500 a year. I do not mean that every annuity under \$500 is exempt. We must take the aggregate of all the annuities received by the taxpayer, and he cannot beat the law by simply getting 10 annuities of \$500 each, instead of one at \$5,000.

There is another factor in this proposal which I think ought to be considered. It is that the average annuity is a comparatively small sum. Even if the individual invests \$100,000 in an annuity, assuming him to be a married man having a \$2,500 exemption, only \$500 of his annuity would be taxable at all. Therefore, if he had no other taxable income, as retired people are unlikely to have, he would be taxed on \$500 at the rate of 4 percent; and although he were a capitalist, who had invested \$100,000, his tax for the year would be only \$20.

The Senator from Michigan suggests that I illustrate how annuities have been used for tax avoidance, and that is quite easy to do. I know of cases where as high as \$1,000,000 has been paid in a single lump-sum premium for an annuity for the balance of the taxpayer's life. He does not have to pay one penny of tax on the yield from that annuity, on the yield from his \$1,000,000, until the payments to him have amounted to a complete return of the principal which he has invested; in other words, until he has lived long enough for his annuities to amount to \$1,000,000. It is

totally tax free in the interim; and many rich men, with their fortunes in cash form, or easily convertible into cash, have resorted to that device, because, obviously, not until 10, 15, or perhaps 20 years after the transaction was entered into would they begin to pay income tax; and when they did, it would be treated as a capital gain, I take it, and they would be taxed at a reduced rate on the theory that they had made this capital investment years before and were now realizing a capital gain from the subsequent payments.

The position of the annuitant under the present law is extremely favorable; more so than that of any other capitalist of whom I know, except the one who has bought totally tax-free bonds. Those bonds cannot be reached.

Mr. HEBERT. Mr. President, I had heretofore submitted and had printed an amendment. I ask whether it would be in order for me to offer it at this time for the purpose of discussing it?

Mr. HARRISON. Mr. President, I think it would be.

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. HEBERT] offers an amendment, which the clerk will read.

The CHIEF CLERK. It is proposed on page 15, to strike out all of lines 5 to 25, both inclusive, and on page 16, to strike out through the period in line 11, and in lieu thereof to insert the following:

(2) Annuities, etc.: Amounts received (other than amounts paid by reason of the death of the insured and interest payments on such amounts) under a life insurance, endowment, or annuity contract, but if such amounts (when added to amounts received before the taxable year under such contract) exceed the aggregate premiums or consideration paid (whether or not paid during the taxable year) then the excess shall be included in gross income.

Mr. HARRISON. If I understand the Senator from Rhode Island, his amendment contemplates a return to the present law?

Mr. HEBERT. That is true. First, let me explain, Mr. President, what the present law does. My amendment proposes to restore the present law. When an annuitant has paid a premium as a consideration for a return to him of annual sums during the remainder of his life, the present law absolves him from taxation upon the payments which he receives from year to year, until the aggregate of the amounts paid back to him by the company equals the sum which he has paid as a premium for the annuity.

Perhaps I can make that more clear by using some figures. Under existing law when an annuitant pays a premium, say, of \$10,000, he is free from taxation until the annual payments to him have aggregated \$10,000. Of course, the reason for that is obvious, because those payments to the annuitant by the company selling the annuity are contingent upon his continuing to live. If after having received one annual payment, say, of \$1,000, the annuitant dies, then he loses the remaining \$9,000. Nothing is due him after he dies.

On the other hand, if the annuitant lives beyond his expectancy, or if he lives beyond the time when he has received back the total he paid—in this illustration \$10,000—then all sums in excess of that \$10,000 received by him must be reported as income and as subject to taxation.

Under the proposed amendment the change would operate to tax the premium which the annuitant pays at the rate of 3 percent, and require the annuitant to report that 3 percent of his premium as income in his annual tax returns. So that if an annuitant has paid a premium of \$10,000, he must report as income each year the sum of \$300. If the annuity paid to him is \$1,000 per annum, then he has to account for 30 percent of the annuity which he receives each year as income, for the purpose of taxation.

Let us assume that a man pays a premium of \$10,000 for an annuity. Surely until he receives back from the company the sum of \$10,000, there has been no income to him, and it is just as if he took the \$10,000 and put it underneath the mattress and took away from it \$1,000 each year for 10 years. That is precisely the return he gets from his premium until he has received back the total amount he has paid.

Mr. REED. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. REED. It seems to me there is this difference between putting it under the mattress and paying it to the insurance company, that the money under the mattress yields no return annually; it is not working money; but the money paid to the insurance company earns interest in the hands of the insurance company, and the amount that is paid to the annuitant is increased by the amount of the interest which is earned.

Mr. HEBERT. Mr. President, I propose to show the fallacy of that reasoning, and I maintain what I have just said, that so far as the individual annuitant is concerned, it makes no difference to him whether half of the amount that is paid him is interest and half principal, or whether one third of it is interest and the two thirds principal; the fact remains that until he has received back his principal, he has received no income from that which he has paid in. There cannot be any two ways of thinking about that.

If I pay \$10,000 as a premium for an annuity, I get no interest on that annuity until I have received back the \$10,000. There is this added contingency—that if I die after receiving \$5,000, I not only get no income from my investment but I lose \$5,000.

Mr. BONE. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. BONE. The last statement of the Senator leads to make this inquiry: Of course, in the event of the death of the annuitant, he would get no return, and whether any further payment were made by the insurance company would depend on the character of the policy written, but I assume for the purpose of my inquiry that the policy would be so written that there would be a payment to the estate or the family of the annuitant. My purpose in asking the question is to ascertain whether or not there would be a further payment under most types of annuity policies which are written.

Mr. HEBERT. Mr. President, the fact is that, by and large, there is no further payment upon annuities, but whenever there is a further payment after the death of the annuitant, then to the extent that it is income it must be accounted for by the recipient of the payment, and under existing law that is true.

Mr. BONE. I fully realize the correctness of what the Senator has stated; but my question merely sought to develop whether the insurance company would be absolved from further payments. I realize that such a type of policy is probably written. I am not familiar with all the different types of policies.

Mr. HEBERT. Mr. President, for the purpose of this discussion I am making use of the ordinary annuity, as we understand an annuity, which is a payment during the life of the annuitant in consideration of a premium paid. Of course, an annuity is just the opposite of a life-insurance policy. In order to win, if you are an annuitant, you must live; whereas in the case of a life-insurance policy, in order to win, it is commonly said that you must die.

Mr. REED. Will the Senator permit an interruption?

Mr. HEBERT. Yes.

Mr. REED. I have heard them described in this way: That in the case of an insurance policy the company bets you that you will live; in the case of an annuity contract the company bets that you will die.

Mr. HEBERT. That is precisely the difference between the two contracts. In an annuity the annuitant sets up a sum at the outset, out of which he is to receive payments annually or quarterly or semiannually, as the case may be, and for a period—usually for life. Gradually the principal of the annuity is decreased by reason of the payments which are made during the life of the annuitant.

In the case of a life-insurance policy nothing is set up at the outset, except there is an annual premium out of which is created what is known as a "reserve", which put at interest at a given rate, accumulates from year to year, and which is expected at the time of the death of the policyholder, under the tables of mortality, to amount to the face

of his policy. So it is seen that an annuity is just the reverse of a life-insurance contract.

Let us take, for example, in order to show the inequity of provision as pending before the Senate and recommended by the committee, an annuity premium of \$100,000 paid in by a man aged 50, in consideration of which the annuitant is to receive annually the sum of \$10,000.

Mr. COUZENS. Mr. President, does the Senator mean that that amount is paid in in a lump sum?

Mr. HEBERT. Exactly; that is the annuity premium.

Mr. COUZENS. Yes.

Mr. HEBERT. One hundred thousand dollars are paid in as a premium at the age of 50. The annuitant, we will assume, is to receive annually for life the sum of \$10,000. Under the pending provision in the revenue bill as reported by the committee, that annuitant would be required to report as income in his tax return the sum of \$3,000, or 3 percent of the premium which he paid for the annuity, namely, \$100,000.

Then, let us take another case of a like premium of \$100,000 on an annuity policy taken out at the age of 65. Bear in mind there are two annuitants each paying a premium of \$100,000. In consideration of that premium of \$100,000 paid by the man at the age of 50 he will receive annually \$10,000; but the annuitant who takes out the annuity policy at the age of 65 will receive for the same consideration \$20,000. I repeat, each annuitant has paid the same consideration. They are not of the same age, and therefore they do not receive the same amount each month. Therefore, too, in the first case the annuitant taking out his policy at the age of 50 under this supposititious case pays a tax upon 30 percent of his income, whereas in the second case the annuitant pays a tax on 15 percent of his income, the consideration being precisely the same in both cases.

It is not my purpose to attempt to deny to the Government a revenue from this character of income; I think there is some justification for taxing such annuities; but I myself have reached the conclusion not only that it is more equitable to tax them on the present basis, on the basis of the existing law, but that, by and large, the existing law will bring more revenue to the Government than would the amendment which is proposed.

Perhaps I can illustrate that by using some figures. We will assume, for example, that 100 men buy annuities each for a premium of \$10,000, each one being aged 63 at the time he purchases the annuity. That would represent a total investment, say, of \$1,000,000, but this proposed amendment for taxable purposes would require to be reported an income of \$30,000 a year; in other words, 3 percent of the \$1,000,000; and that \$30,000 a year, here and there, by all the annuitants must be reported in their income-tax returns, representing an average of \$300 each.

At the end of 10 years each of the annuitants receiving a payment of \$1,000 a year would have received back all his capital; but according to the tables of mortality 35 of them would have died. Under existing law none of them would have paid any tax up to that time; but at the end of the tenth year, 65 being still living, each receiving \$1,000, would receive in the aggregate \$65,000; and that \$65,000 would be required to be reported as income on which a tax would be paid. That is, there would be \$65,000 of taxable income as against \$30,000 taxable income as provided by the pending amendment to the bill. So it would take but a little over 3 years for the tax in that case to equal what is going to be received under the pending amendment.

There is the added advantage, however, that in the second case, that of the 65 who are each receiving \$1,000 a year and have to report \$65,000 income, instead of the reporting for income-tax purposes of \$300 each, which might more easily be absorbed in the income of any annuitant, there would be reported \$1,000 per annuitant, which could not be so easily absorbed; and in the case of an unmarried person would use up all the deductible amount on his income-tax return. If he had any other income, then he would have to pay a tax, whereas in the case of the annuitant under the

bill as reported by the committee, he would have to absorb only \$300 of the amount derived from his annuity.

So I believe that, by and large, the existing law requiring annuitants to report for income-tax purposes all money paid to them in excess of the amount paid by them as premiums for annuities would yield a greater revenue than would the provision recommended by the committee.

Then, there is another objection to the recommendation of the committee, as I see it. The bill provides that the total premium shall be assumed to yield an income of 3 percent, and that such income shall be reported each year for tax purposes, and there is no provision for the reduction which takes place in that income from year to year, but the annuitant must report 3 percent of his entire premium throughout his life. Assuming that an annuitant had paid a premium of \$10,000 and received back a payment of \$1,000 per year, at the end of 10 years he has received back his \$10,000, and his entire principal is used up. Notwithstanding that, under the provision recommended by the committee, it is still assumed that the entire amount of the principal, \$10,000, is in existence, and he is required to report income of 3 percent of that \$10,000.

Even accepting the argument of those who advocate this change, it would only be about 12 years before the principal is used up if the interest element be applied to the payments, but, notwithstanding that, the annuitant is required to report as income 3 percent of the entire premium that he has paid for his annuity, regardless of the fact that the time comes, sooner or later, when the entire principal is used up, and there is no provision made for taxing that which remains, but the annuitant must pay a tax on the total amount. It seems to me that it is manifestly unfair. It is unfair to tax one man who receives an income of \$10,000 the same amount as is taxed the man who receives an income of \$20,000 a year; and, after all, this is an income tax.

Mr. REED. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Pennsylvania?

Mr. HEBERT. I yield.

Mr. REED. It seems to me that the illustration the Senator gives shows the fairness and not the unfairness of this proposal, because the man aged 65 whose annuity is \$20,000 a year has put in the same amount as the man of 50 whose income is only \$10,000 a year. The reason for the difference is that \$3,000 is being earned as rental for the money that each of them paid. They both put in the same amount of money. The larger amount paid to the older man is a quicker return of principal to him. I repeat, I think it illustrates the fairness and not the unfairness of the provision.

Mr. HEBERT. I know the argument that is advanced to sustain that contention; I know, in the aggregate, taking all the annuitants together, the element of expectancy of life and the interest element, all things combined, enter into the calculation of the premium; but I am led to repeat what I have often heard about annuitants, that no man lives the average; he is either alive or he is dead; so long as he lives he receives the annuity payments; the minute he dies, he has kissed good-bye to his principal, and there is no interest element that can enter into it, so far as he is concerned or so far as any annuitant is concerned, until he has received back the total amount he has paid in. But the insurance company, yes, most assuredly, the insurance company, or any company that issues an annuity policy, expects that the funds placed in its custody will earn interest; it may be 3 percent; it may be $3\frac{1}{2}$ percent or 4 percent; but that does not benefit the annuitant until such time as he has received back the total of his principal. To an insurance company or a company selling the annuity the interest element does enter into it. When they make this supposititious payment of a thousand dollars a year, there is the interest element, so far as the insurance company is concerned; but there is not so far as the annuitant is concerned, and he gets no interest. It seems to me to be so clear that it does not need to be argued that if I pay \$10,000 as a premium for an an-

nuity, I get no interest on my payment until after I have received back my \$10,000.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Georgia?

Mr. HEBERT. I yield.

Mr. GEORGE. Where the annuitant lives out his expectancy, he does receive a profit or interest on the transaction, does he not?

Mr. HEBERT. If an annuitant lives beyond his expectancy—

Mr. GEORGE. If he lives his expectancy.

Mr. HEBERT. If he lives his expectancy, he will get a profit; and to the extent that he gets a profit, under the amendment which I have proposed that profit goes in as income and must be subject to taxation.

Mr. GEORGE. I understand that, but I wanted to be clear as to the Senator's position. I thought his argument was that in no event would the annuitant get back any more than he put in as premium.

Mr. HEBERT. The Senator misunderstood me, I am sure. I said the annuitant receives no profit, no income, no interest from his investment until after there has been a return to him of the entire amount of his principal or his premium.

Mr. GEORGE. That is true so far as receipt is concerned, but if he lives out his expectancy there is an income to him.

Mr. HEBERT. What I understand the Senator to mean is that the man buying an annuity at the age of 50 has an expectancy of 20 years. He pays in a premium of \$10,000. He is to be paid \$1,000 a year during the remainder of his life, we will say. At the end of 10 years he has received back his principal. Then if he lives the remainder of his expectancy, or 10 years more, to that extent what he receives is profit, and under existing law he has to account for that in his income-tax return.

Mr. GEORGE. I understand what the existing law is, but there is an earning upon the money, actual or expected; and if he lives out his expectancy, there is, of course, an actual earning.

Mr. HEBERT. There is an earning. Necessarily there must be an earning, because otherwise there would not be enough money to take care of all the annuitants. But up to the time when the total premium he has paid has been returned to him, so far as the individual annuitant is concerned, there is no interest return to him and no profit to him.

Mr. GEORGE. That is true; but is there anything essentially unfair in the Government's saying to him, "We will treat 3 percent of the gross premium paid as taxable income each year. We will not allow you to defer the payment of all taxes until you have received a return of the total premium paid." In the event he should die before he received the total premium paid, of course, he would never become liable to the Government for any income.

Mr. HEBERT. But let me remind the Senator that under the proposed amendment in the bill, he would be liable.

Mr. GEORGE. I understand that, but I am speaking of the present law. Under the present law, if he has an annuity of \$10,000 a year, he has bought and paid for it. He gave for it \$100,000. He has an income of \$10,000, as a mere illustration. If he should live 9 years and receive \$10,000 a year, he would not of course be liable for any income tax on that transaction.

Mr. HEBERT. Because he had received no income.

Mr. GEORGE. I understand, but it was a profit-making enterprise which he bought. If he should live out his expectancy, he would in fact make a profit upon it. Is there anything essentially unfair if the Government should say to him, "Each year we will count 3 percent of the total premium paid as taxable income to go into your tax return? We will not permit you to receive these annuities until you have gotten back all your money and thereby defer any claim the Government has for its taxes as against this particular transaction."

Mr. HEBERT. To my mind it is manifestly unfair, because in the first place the annuitant derives no income until after he has received back his principal, and by no stretch of the imagination may it be said that the annuitant paying \$100,000 for his principal—

Mr. GEORGE. Let us suppose he invested it in some kind of property.

Mr. HEBERT. Then, a different element enters into the transaction.

Mr. GEORGE. I know there is a difference, but can it be accurately said that he received no income from the transaction?

Mr. HEBERT. Absolutely.

Mr. GEORGE. It is true he has never gotten back his original investment, but can it be accurately said he has received no income from the transaction?

Mr. HEBERT. It can absolutely be said without fear of contradiction that he has received no income until he derives a profit from the transaction. Of course, we cannot make a comparison with one making an investment—

Mr. GEORGE. I understand.

Mr. HEBERT. Because the purchase of an annuity is not an investment.

Mr. GEORGE. It is an investment, if the Senator pleases, because otherwise nobody would buy it. It may be a speculative investment. It does not carry any tangible property along with it to leave after the man dies, but it is an investment after all.

Mr. HEBERT. I may say to the Senator that in no sense is an annuity considered as an investment. The purpose of those who purchase annuities is to guarantee, out of the sum which they have on hand, a fixed income during the remainder of their lives. It is in no sense an investment, because there is always the possibility that they may lose as much as 90 percent of the total of their capital. As the Senator well knows, if after receiving one annuity payment the annuitant dies, the remainder of his principal is absorbed and the company that sold the annuity takes it with all the earnings on it, whatever they may be.

Mr. GEORGE. The Senator is entirely correct; but, after all, it partakes of the character of an investment. It does not seem to me that it is essentially unfair for the taxing authority to say the Government has the right to maintain that a portion of this annual return, a small portion, 3 percent of the original out-of-pocket payment as premium, shall be regarded as taxable income for the purpose at least of meeting the tax obligations of the Government.

Mr. HEBERT. May I say to the Senator that, so far as the annuitant is concerned, he never sees that yield on the money he has paid into the company until he has had back in payments the total of his premium. If the Senator asks me whether or not the company derives an income out of the investment of that premium, I say most assuredly it does. It must of necessity do so. It is based on the law of averages; the tables of mortality figure in it; the expectation of life enters into it. There are annuitants who live away beyond their expectation. The profit that is made from the early death of A is used to pay on the later death of B; but that is not a benefit to A, who dies before the end of his expectancy.

Mr. COUZENS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Michigan?

Mr. HEBERT. I yield.

Mr. COUZENS. The Senator is an expert in insurance, I know. I was wondering what is the expectancy in the two illustrations he gave of the man who put up \$100,000 at age 50 and the man who put up \$100,000 at age 65. What is the expectancy in those two cases?

Mr. HEBERT. The man at age 50 would have an expectancy of about 20 years, I should say, while the man at age 65 would have an expectancy of perhaps 10 or 15 years.

Mr. COUZENS. So, when those who issue the annuity take \$100,000 from the man at age 50, they really expect to

pay back \$200,000 on the expectancy the Senator has mentioned. Is that correct?

Mr. HEBERT. Oh, no.

Mr. COUZENS. If they should pay back \$10,000 a year for 10 years that would be the case, would it not?

Mr. HEBERT. That is the illustration I gave, but I am not giving the Senator the exact figures.

Mr. COUZENS. That is what I am trying to get. I should like to have the exact figures if the Senator can give them.

Mr. HEBERT. I do not have them in mind. I could not give the Senator the exact figures. I am using the figures only for the purposes of illustration.

Mr. COUZENS. But the Senator said a man at age 50 would get \$10,000 a year.

Mr. HEBERT. That again was only an illustration.

Mr. COUZENS. I think the illustrations ought to be analyzed. I can see the point the Senator makes. In other words, if I pay in \$100,000 at the age of 50 and take out \$10,000 a year and do not get any interest, of course, I do not pay any income tax.

Mr. HEBERT. That is precisely the point I am trying to make. If the Senator deposits \$100,000 in bank without interest, and draws out \$10,000 of it each year, at the end of 10 years he will have used up his capital, and there will be no profit to tax.

Mr. GEORGE. If the Senator please, that is precisely why I asked if, in the case of the ordinary annuity, it was not figured that where the expectancy was lived out there would be a profit in excess of the money actually paid in. Of course, the Senator very properly and correctly said that there was such a profit. There would have to be, of course, or else annuities ordinarily could not be sold.

Mr. HEBERT. The Senator speaks of profit now in what respect—profit to the company selling the annuity?

Mr. GEORGE. In the sense that the total return where the annuitant lives out his full expectancy will, of course, exceed the amount paid in.

Mr. HEBERT. Naturally it will exceed the amount paid in.

Mr. GEORGE. Certainly; but in the case of the deposit of money in bank without interest, precisely the opposite is true. The depositor would get back only what he put in the bank.

Mr. HEBERT. Oh, no, Mr. President! For a given length of time he gets no more in one instance than he does in the other.

Mr. GEORGE. I understand; but, of course, he would continue to get the money in bank until it was all exhausted, whether he lived or died.

Mr. HEBERT. Yes; of course, there is that difference.

Mr. GEORGE. But there is no element of possible profit in a transaction of that kind.

Mr. HEBERT. Neither is there an element of possible loss.

Mr. GEORGE. That is very true.

Mr. HEBERT. The depositor in a bank ordinarily is sure that he is going to get his principal back; but when a man puts his money into an annuity company he never is sure that he is going to get even his principal back, to say nothing of any income.

Mr. GEORGE. That is quite true.

Mr. HEBERT. And the annuitant must live out his expectancy before he can get any income from his money. If he does not live out his expectancy, he loses; and yet it is proposed to tax that man who loses for something he loses, something he never gets. That is the purpose of this amendment.

Mr. GEORGE. That is quite true. Otherwise, if we admit the full theoretical justice of the Senator's position, we have the easy case of a very wealthy man simply buying an annuity and escaping all possible liability to taxes upon that investment, or whatever we may decide to call it, until he has gotten back his entire capital.

Mr. HEBERT. Mr. President, let us analyze the statement of the Senator that the man who has a million dollars with which to purchase an annuity escapes taxation. Let us assume that he purchases that annuity for a million dollars, and deposits the money with the company that sells him the annuity upon condition that he is to get a certain fixed sum out of it each year. What he gets each year, until he has gotten back his million dollars, is his. It is not anybody else's. It is taken right out of the corpus of his estate. It is not until he goes beyond the time when he has had back the sum he paid over that he has a profit.

Mr. GEORGE. Exactly; but the Government has the right, and I think it has a moral right, to say, with respect to a transaction of that kind, that it will treat at least a certain small percentage of the annual return as a profit for the purpose of taxation, because it might be perfectly consistent with sound public policy not to offer this avenue of possible escape from any liability to taxation.

Mr. HEBERT. The Senator and I disagree about the legality of it. In fact, the cases I have examined lead me to the conclusion that we cannot assume as income that which is not income.

Let me illustrate that.

Suppose the Senator purchases for \$100,000 a home which he occupies himself. That \$100,000 will not yield him any income, but the Government has essayed to claim that a fair rental value of that house should be reported as income. The courts said, "No; that is not income. There has been no income. It is true that because the owner occupies his own home and does not have to pay rent elsewhere he saves that charge; but it is not income, and it is not income for tax purposes." So in the case of the annuity the man deposits \$100,000 for a specific purpose. It is not income for him to have paid back to him the sum which he deposits.

Suppose the payment shall stop, as it might well stop, after he had received his principal. Could there be said to have been any income there? Yet, in many, many cases that is true. Not only is that true, but many times the payment stops before he has received back his principal, to say nothing about income.

Mr. GEORGE. If the Senator will permit me, I think it can be said that there is income there, because had the contract gone on to its maturity, as contemplated by the parties, there would have been an income in each annual repayment to the annuitant.

Mr. HEBERT. Then, Mr. President, if that is the contention of the Senator, what is going to be done with the annuitant who pays \$100,000 and receives back \$10,000, and then gets nothing else? Are we going to give him credit for the loss of the \$90,000?

Mr. GEORGE. That subject is not dealt with in this particular bill, but it is just like any other fortuitous investment or enterprise. We often make them. We make them with reference to real property. We make them with reference to all other forms of contract.

Mr. BONE. Mr. President, in view of the Senator's argument that this tax is an invasion of the corpus of the property, diminishing it year by year, I gather that the Senator's idea is that this is, in effect and by indirection, a capital levy rather than a tax on income.

Mr. HEBERT. To the extent that we tax something that is not there, of course, it is a capital levy.

Mr. BONE. Of course, it is beside the question to argue the matter as a question of law when the Senator referred to the home; but under our property tax systems we do tax the home, of course. We tax it to support the Government.

Mr. HEBERT. But not as income.

Mr. BONE. Not as income; but we do tax the corpus of the property in other ways.

Mr. COUZENS. Not for the Federal Government.

Mr. BONE. No; that is true. The Federal Government does not do it.

Mr. SMITH. Mr. President, I should like to have one point cleared up.

In figuring the expectancy of life it has been suggested, I think by the Senator from Pennsylvania [Mr. REED], that

the company that sells me the annuity figures in 3 or 4 percent annually as the possible earning of the money; therefore shortening the term within which the amount I put in may be returned to me. Therefore, if I should live out the term of expectancy which would be shortened by virtue of adding to the principal the interest earned, I would be receiving each year a part of the interest earned by the money put in the hands of the company.

Mr. HEBERT. Mr. President, if, as the Senator believes, the application of the interest element shortens the term, the amendment I have proposed is all the more favorable to the Government, because the sooner the return of the principal is made to the annuitant, the sooner the Government will get a higher tax on income.

Mr. SMITH. I am perfectly in sympathy with the proposition of the Senator, for the reason that until the annuitant has received back—whether the time be short or long—the amount he paid for his annuity, he has earned nothing.

Mr. HEBERT. Of course not, Mr. President. The question cannot be argued in any other way. It may be said that the company has received interest on the sum the annuitant has paid, but that is not his money. He has nothing to do with that.

Mr. SMITH. That does not enter into the equation; and, as the Senator has very clearly put the matter, if the interest is added so as to increase the amount payable per year and shorten the term of expectancy, just that much sooner does the annuitant get interest on his money, because the minute he gets back the amount that he paid all that he receives subsequently is subject to taxation, since it is really income.

Mr. HEBERT. And generally it is about three times as much as the amount of the income based upon a tax of 3 percent.

Mr. SMITH. Yes; I see.

Mr. REED. Mr. President, there are two other factors that I think are worth bearing in mind in this connection.

One of them is that we are now entering a period of very high tax rates. It is probable that it will be 3 years yet before the administration will be changed and we shall be able to make reductions in taxes. The people who invest their money in annuities, with the knowledge that they are not going to be taxed for 10 or 15 or 20 years in the future are going to escape completely the high income-tax rates carried by this bill; and the chances are very strong that 20 years from now, when they do begin to pay income taxes, the rates will be very much less than they now are.

Mr. HEBERT. Mr. President—

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. Yes; I yield.

Mr. COUZENS. If the owner of the money did not invest it, of course, he would not have any income; would he?

Mr. REED. No; that is true.

Mr. COUZENS. I am quite in sympathy with what the Senator is seeking, and the purpose of the amendment; but I cannot see how the Government, during the time these high rates are in force, will get any money out of these rich men if they do not invest it; and certainly such a man is not investing his money by merely putting it away in a vault or into an annuity, is he?

Mr. REED. Yes; he is investing it when he buys an annuity.

Mr. COUZENS. He does not get any return on it.

Mr. REED. He is putting the money right into the investment field.

The second point I wish to make is that when this money is paid over to an insurance company, it becomes a part of the great mass of its reserves; and the Senate should understand that these insurance companies are totally tax-exempt on the first 3¾ percent that they get each year on their reserves. Three and three fourths percent is totally tax-exempt, and that is about the amount of the interest that would be received on a first-grade bond. By the present law we immunize the annuitant from taxation, and there is a mass of wealth—a million dollars, let us assume—paid by an individual who is not going to be taxed on it to an insurance company which is not going to be taxed on it, and

that whole mass of wealth is taken away from the taxing power of the Government. It seems to me we should bear that in mind when we are considering the reasonableness of this proposal.

Mr. HEBERT. Mr. President, it should be observed that under existing conditions, even if there were no tax upon annuities, there could be no tax upon a million dollars that is not invested and does not earn something. The tax is not upon the million dollars; the tax is upon an income from a million dollars. We must bear that distinction in mind. It does not make any difference whether a man is possessed of a million or ten million or a hundred million; it is not the capital tax he pays; he pays a tax on the income.

Mr. REED. Of course, that is true, and that is what I meant when I said that this money was placed beyond the reach of the taxing power. We tax the income only; we do not tax the capital. Everybody knows that. But I say that the earning power of that mass of wealth is exempt from taxation against the real beneficiary, and it is exempt from taxation in the hands of the insurance company. The income from that money is totally tax-exempt.

Mr. HEBERT. I do not know whether or not the insurance companies derive any income from their annuities. I do know that only recently they raised their rates for annuities. The sale of annuities is something new in this country, but it is far from being new in certain European countries, and it has come to be a common saying in insurance circles that annuitants never die. Once a person has an assured income for his life he stops worrying, and it is assumed that that is conducive to longevity; but under no stretch of the imagination is that income, because it is a return of his own money.

If I am asked whether the insurance company gets any income from that fund, I say it must derive some income from it, because in the application of the tables of mortality and the expectation of life, the element of interest enters in; but if the income goes to anyone, it goes to the insurance company, and if we are going to tax it anywhere, that is the place to tax it.

Mr. AUSTIN. Mr. President, I wish to support the amendment offered by the Senator from Rhode Island [Mr. HEBERT] and to oppose the amendment as it appears in the report of the committee.

It seems to me, at the outset, that the bill as it is reported would inaugurate a novel theory of taxation. This is the first time in my study of tax laws, particularly income-tax laws, where there has been an attempt to tax a profit not yet realized, a purely prospective profit, so far as the taxpayer is concerned. Of course, if we take the whole class of annuitants, a great number of them, say several thousand of them, one realizes that under the present law those who actually obtain their profits are actually being taxed, according to the entire spirit and theory of the law as applied to any other type of profits or of income.

The pending bill undertakes to tax a return of the capital and nothing more, up to the time when the annuitant has received the whole of the amount of the consideration paid by him, the entire title of which passed out of his control and into the possession and control and exclusive ownership of the insurance company, or such other company as may have undertaken the contract.

At this point may I inquire of the chairman of the committee whether it is his understanding that this measure would apply to hospitals and universities, which obtain a large amount of their endowments by selling annuity contracts? Is that the interpretation which would be placed upon the measure?

Mr. HARRISON. Mr. President, it does not apply to them at all. It applies only to persons receiving income. It does not apply to them.

Mr. AUSTIN. I do not think the Senator has understood my question.

Mr. HARRISON. I know of no hospital that has gone out and put up \$100,000, or \$10,000, or \$50,000, in order to buy an annuity.

Mr. AUSTIN. That is what I apprehended was the trouble, that my question was not clear.

Assume that a hospital has received from a philanthropist \$100,000 for immediate use by the hospital in erecting buildings, in consideration of which the hospital promises to pay to the donor as an annuity a sum corresponding to 5 percent annually of the amount of the gift. Would the receiver of that income be a taxpayer, under this provision of the measure?

Mr. HARRISON. It does not apply to him.

Mr. AUSTIN. It does not apply to a person who makes such a donation to a university or college?

Mr. HARRISON. It might apply to the person who took out one of these policies, and to the income coming back to him, if he was giving it over to the hospital.

Mr. AUSTIN. That is all there is to my question. Would the donor to a university who received an annuity payment during his lifetime have to pay a tax, under the bill?

Mr. HARRISON. I have stated to the Senator that it all depends on the circumstances. In my opinion, if an individual should take out one of these annuities and collect a certain amount each year and turn it over to a hospital, of course he would have to pay on the income.

Mr. AUSTIN. It is very much simpler than that. Many of our universities throughout the United States receive gifts or payments of large sums of money for specific uses, and in consideration of those gifts they issue to the donor an annuity contract, promising to pay the donor a sum annually which is equivalent, in many cases, to only 5 percent of the amount of the gift. Of course, if this measure is intended to reach such people, it is an extraordinarily cruel bill, an extraordinarily unfair bill, and of course I regard it as unfair, where the contract is one of insurance or one where an insurance company issues an annuity contract for a consideration. It seems to me we can test the fairness of the bill by this one illustration: Suppose I have made a payment for an annuity today and receive but one annuity and then die; there is no provision in the bill whatever for a deduction on account of the large loss.

If we take the example given by the Senator from Rhode Island, of the payment of \$100,000 in the purchase of an annuity contract and a return of only \$10,000 and thereupon the death of the annuitant, we can readily see that there has been an absolute total loss of \$90,000, which is not recognized in any way whatever by this measure, although the entire theory of all our income-tax laws has been to recognize and to allow a deduction for actual realized losses.

Mr. President, for these two reasons, first, that this bill undertakes to tax a profit which is not yet realized, and for the reason that it does not allow a deduction for a loss which is realized, the measure is unjust and unfair, and ought not to be passed.

The amendment proposed by the Senator from Rhode Island would preserve the status quo, as I interpret it, and would admit of taxation by the Government of all it is entitled to tax under any theory we have yet adopted in an income tax law, that is, taxation of actual income. As soon as there is anybody in this whole class of annuitants who is receiving income, he pays a tax, not on a part of his income, but on the whole of the income.

If it be true that the issuing of annuities is a modern plan, and has not yet arrived at that stage of maturity where the class of those who have received again all they paid for their annuity is large, nevertheless the principle is sound and true that those who have exceeded the expectancy, or have received again all the return of capital to which they are entitled under their contract—and that is what the contract is, we must understand—would pay a tax under the bill as it is, and they would pay a tax under the amendment proposed by the Senator from Rhode Island, and that would be a correct principle. That would be consistent with the law as we have always known it to be.

I have a letter here which I know went into the record of the committee, but which has not been available to the

Senate because the hearings have not been printed, and with the permission of the Senate I should like to read it. It is from Hon. Fred A. Howland, president of the National Life Insurance Co., of Montpelier, Vt., addressed to me, in which he says:

The revenue bill of 1934 (H.R. 7835) proposes a change in the method of taxing annuities which seems so objectionable as to warrant its elimination from the measure.

The present law does not tax the annuitant until he has received an aggregate amount of payments equal to the consideration paid for the annuity (whereupon the whole amount of payments to the annuitant thereafter made are treated as income), while the method in the pending bill would require the annuitant to include in his gross income immediately a portion of the annual payments in the amount of 3 percent of the consideration paid for the purchase of the annuity.

The reason given in the committee report, page 21, for making the change is that the taxes on annuities are postponed indefinitely.

It is true that the payments are postponed, but it is equally true that they ought to be deferred until the annuitant gets back the principal sum which he paid to buy the annuity, as it is not till then that he begins to profit by his investment.

Considering the entire body of annuitants as a unit, the new plan might work equitably; but, taking the individual cases, the hardship imposed and the inequality of the burden imposed are clearly apparent.

For example, take the case of two people, both of age 63, who each put \$5,000 into an annuity. Annuitant A dies at the end of the seventh year, while annuitant B dies at 85, the end of the twenty-second year. Under the proposed amendment annuitant A, who never got back the purchase price of his annuity but has actually suffered loss in both principal and income, has been taxed on assumed income; while under the present law annuitant A would pay no tax, but annuitant B would be taxed on the whole of the annuity income after the payments theretofore received by him had equaled the principal invested.

I venture to say that there is no provision in the present income tax law and no other proposed amendment which taxes as income an investment which shows loss in both principal and income. If the suggested amendment is to be seriously considered, the estate of the annuitant who dies before the sums paid back to him in annual payments equal the purchase price should be allowed credit as an actual loss for the difference between the consideration paid for the annuity and the annual payments received.

The enclosed copy of letter from Dr. Huebner, professor of insurance and commerce at the University of Pennsylvania, and also a copy of the brief of Roger B. Hull, managing director of, and representing, the National Association of Life Underwriters, contain objections to the measure.

These underwriting agents represent a large and intelligent group of salesmen the country over, and their annuity clients are largely people of moderate means and of advanced years, to whom a tax burden on property not yet yielding actual profit would be a most objectionable burden.

There are further remarks in the letter which are personal in nature and I will not read them.

I have a letter from the Vermont Association of Life Underwriters which I ask unanimous consent to have printed in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

VERMONT ASSOCIATION OF LIFE UNDERWRITERS,
St. Johnsbury, Vt., March 15, 1934.

HON. WARREN R. AUSTIN,
Washington, D.C.

DEAR SENATOR: As president of the Vermont Life Underwriters Association and as the official representative of the Life Underwriters of Vermont, I want to state that our association is very interested in that section of the report of the Hill subcommittee which recommends adoption of an arbitrary method of determining income under annuity contracts. Namely, that a portion of each annual payment equal to 3 percent of the purchase price be assumed to be interest income. Where an annuity is paid for with a principal sum, the annuitant gives up all title to the capital thus invested, in contrast to the situation which prevails when money is deposited in a bank or other depository institution. The annuitant is promised a definite income regardless of whether the insurance company loses or profits from the transaction. Moreover, should he die early, the entire capital sum is considered liquidated. In no case can the annuitant derive a profit unless he or she lives long enough to have first received back in annuities an amount equal to the principal sum paid for the annuity. Therefore, profit begins to accrue to the annuitant only when this particular point has been reached.

It also follows, that to impose an income tax upon annuity payments prior to the time that the annuitant has received back his principal is an altogether uneconomical proposition. After annuities represent a profit, they should, of course, be taxed, and according to our understanding that is the ruling under the present income tax.

In all probability, the Hill report is based upon the actuarial explanation that annuity payments using averages represent a return annually of part of the principal, together with a certain amount of interest. This is true when the annuity account is averaged for a larger number of annuitants, but it is not at all a case with the individual annuitant. Ten thousand annuitants would receive annually part of the principal and some interest, but the individual does not profit until he has received payments for a sufficient term of years to make them equal the principal paid for the annuity. Should he die prior to that time, the individual will have actually suffered a loss.

You can, therefore, understand why we as life underwriters are not in sympathy with this report and trust that you will do everything in your power to see that this does not become a law.

Sincerely yours,

E. WESLEY ENMAN, President.

Mr. AUSTIN. Mr. President, I desire to say from some personal knowledge, by virtue of a connection of many years with the issuing of annuity contracts by a university, that I know that a large percentage, probably 80 percent of those who hold the annuity contracts of that university with which I was connected are people of very moderate means, many of them elderly people who have bought this very meager income, and in many cases just barely enough to support them in their old age, on the understanding which was set forth in the certificate of the internal revenue department, that that was a return of capital to them under their contract, which was not taxable in theory and under the law, and, therefore, that the investment which they had made would probably shield and protect them for the short remainder of their years.

If we apply the proposed tax—and it is a very high one—we thereby reduce that meager income of individuals who have parted with their principal and turned it over to a university in order that it might perform two functions, one to aid in the cause of education by the immediate use by the university of the principal in the erection of buildings, or in the establishment of instruments and means of education, the other purpose being to obtain a moderate income, which would be certain in amount, and not subject to fluctuation by taxation. If we pass the bill without the amendment proposed by the Senator from Rhode Island we rewrite those contracts on a basis that will cause tremendous hardship, and I know that what is true of my own little university is true of many others, for I made investigations covering that situation some years ago.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. HEBERT. The Senator has referred to sums that have been deposited with universities on condition that the universities shall pay an annuity to the depositors. Can the Senator state what becomes of those funds? Whether for the most part they are invested to yield an income, or whether they are put into brick and mortar and yield no income whatsoever?

Mr. AUSTIN. The funds of this character with which I am familiar went into brick and mortar; into the erection of useful structures on the campus.

Mr. HEBERT. So that the amendment proposed by the committee assumes that there is income when, in fact, there is absolutely no income from those sources?

Mr. AUSTIN. That is true, and that is a very cogent reason for not passing the bill without the amendment proposed by the Senator from Rhode Island. The funds are not interest bearing; they are not income producing. No one anywhere earns a profit by virtue of the payment, by virtue of the parting of title by some elderly woman of moderate means to a university or hospital which she desires to help and at the same time reserve a life support for herself.

Mr. HEBERT. Mr. President, will the Senator yield further?

Mr. AUSTIN. I yield.

Mr. HEBERT. The Senator has referred to the high rate of tax on such incomes. As I compute it, the tax is equivalent to 12 percent of the payments made to the annuitants.

Mr. AUSTIN. Mr. President, I will conclude very shortly.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. AUSTIN. I yield.

Mr. OVERTON. It has been pointed out in the debate that the annuities in question represent a return of money placed, we will say, with an insurance company. The insurance company takes the money and invests it and makes, or expects to make, a profit. If the insurance company could not invest that money—say it had it deposited in the vault—would the annuity it paid to the annuitant be as large as it now pays, in view of the fact that it has the opportunity to use the investor's money and make a profit out of it?

Mr. AUSTIN. Mr. President, in answer to the Senator's question I would say "no." But the point is that the Government taxes the profit, all the profit, at the right time so far as the individual annuitant is concerned, and that is when he receives the profit, and not before, not when he has not received it and is receiving nothing but capital.

Mr. OVERTON. If the Senator will permit me to interrupt him again, I will say to the Senator that I think he does not catch the point I am making. The point I am undertaking to make is that the insurance company distributes the profits annually among the annuitants by paying them a larger annuity by reason of the fact that the company has the annuitant's money and invests that money, makes an income on it, and, therefore, is in a position to pay the annuitant a larger annuity than it would otherwise pay. If I am correct in that premise, then it seems to me the philosophy of the bill is that the Government is taxing annual income as it is being made and as it is being distributed.

Mr. AUSTIN. Mr. President, so far as I know, no insurance company undertakes to divide its funds so as to earmark what is money earned in the revolution of these funds in its hands, and what is principal added to the fund by some new annuitant paying in another sum of money. No attempt is made to do that, but the company makes a contract based and calculated upon a great number of experiences, the average of which results in close accuracy, and on that basis is able to provide a contract which is held out in terms of years, and which is understood by both parties to the contract to represent a return of principal up to a certain length of time, whereupon there begins the payment of realized profits. All there is in the theory of an income tax law that is justly laid upon the people is that it shall be upon realized profits. Unrealized profits may never be realized.

It is true that when a person dies before the profits are realized his estate has suffered a loss. I made that statement previously, and I want to put into the RECORD something which represents the opinion of the United States Board of Tax Appeals of very recent date.

I refer to the case of Cora K. Louis, petitioner, against Commissioner of Internal Revenue, respondent. Docket No. 49179. Promulgated February 23, 1934. I will not weary the Senators by reading the whole case. I will read merely the dictum and put into the RECORD the whole case. The dictum is:

Petitioner acquired an annuity in consideration of a surrender of a part of her interest in her father's estate. Such annuity was terminated in the taxable year by the death of her mother, upon whose life expectancy it was based. Held, that the unrecovered cost of the annuity at date of termination was a loss in the year the contract was terminated.

It was further held that there was, on that account, a legal deduction made, and the amount of tax paid by the estate was reduced thereby.

I ask that the entire opinion may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AUSTIN. Mr. President, in conclusion, let me say that I trust Senators will consider carefully this question. It has a very serious effect upon many individuals who have no other way of having their rights protected than to have Senators consider them carefully, even though the proposal is in the form of an amendment to a bill which comes out of a committee which has expended a great deal of earnest

study upon the subject. I doubt, however, if the committee has considered this aspect of the case. I wonder if Senators have considered the possible harm that will be done by this measure to the annuitants whom I have mentioned; and they constitute a large class? Certainly no harm can come to the Government by allowing the law to remain as it is, because under the present law, and as it would be preserved by the amendment of the Senator from Rhode Island [Mr. HEBERT], the United States could levy a tax upon all it is entitled to tax under the true theory of any income tax law, and that is realized profits, income.

Therefore, Mr. President, I hope the amendment of the Senator from Rhode Island will be adopted.

[The decision of the Board of Tax Appeals referred to by Mr. AUSTIN is as follows:]

DECISION UNITED STATES BOARD OF TAX APPEALS
CORA K. LOUIS, PETITIONER v. COMMISSIONER OF INTERNAL REVENUE,
RESPONDENT

Docket No. 49179. Promulgated February 23, 1934

Petitioner acquired an annuity in consideration of a surrender of a part of her interest in her father's estate. Such annuity was terminated in the taxable year by the death of her mother, upon whose life expectancy it was based. Held, that the unrecovered cost of the annuity at date of termination was a loss in the year the contract was terminated.

Theodore B. Benson, Esq., for the petitioner.
James H. Yeatman, Esq., for the respondent.

OPINION

LANSDON: The respondent has determined a deficiency in income tax for the year 1925 in the amount of \$1,107.09, from which the petitioner appeals on the allegation that a loss sustained in that year has been erroneously disallowed as a deduction from gross income. The parties have filed a stipulation, which is accepted and incorporated herein by reference. The following is a summary of the material facts:

"Petitioner is an individual who resides at Los Angeles, Calif. Her father died testate on December 28, 1912, and in his will, probated in Cook County, Ill., on January 2, 1913, disposed of an estate of the net value of \$2,868,442.39. The estate was left in varying proportions to the widow, two sons and three daughters of the decedent. Among other things, each of the daughters was to receive \$75,000. The petitioner and her sisters were not satisfied with their shares of their father's estate under the will and, on April 19, 1913, entered into an agreement with their brothers whereby each was to receive one third of certain personal properties included in the estate inventory, and, in addition thereto, an annuity of \$5,000 during the life of their mother, Rosalinda Klein, in lieu of all their interests under the will. Under this agreement the annuity to the sisters was expressly specified as the joint and several obligations of the brothers. At the date of such agreement the life expectancy of the mother was 15 years, 1 month, and 9 days. The present worth of an annuity of \$5,000 per year, payable semiannually over that period, is \$57,753.50. Rosalinda Klein died in 1925, at which date the petitioner had received annuity payments under the agreement in the amount of \$60,000. Such total payments discounted back to April 1913 had a then value of \$48,568.94. If Rosalinda Klein had lived out her expectancy, petitioner could have received six additional payments of \$2,500 each, or a total of \$15,000. That amount had a capital value as on April 1913, of \$9,184.56, which is claimed by the petitioner as a deductible loss in the taxable year.

The only question here is whether the petitioner sustained a loss in the year in which the death of her mother terminated the annuity payments provided for by contract with her brothers on April 19, 1913. The answer to this question involves (1) whether an annuity contract is property; (2) the amount of petitioner's capital investment as the cost of the annuity; (3) the amount of such investment recovered by her prior to the taxable year; (4) whether the annuity contract was a transaction entered into for profit; and (5) whether the termination of such contract by the death of petitioner's mother was a disposition thereof within the meaning of section 204 (a) of the Revenue Act of 1926.

The amount of \$75,000 was devised to the petitioner in her father's will, but the record is not clear that the annuity was based thereon or in lieu thereof. After the will was probated, the three sisters and two brothers agreed among themselves to a distribution of that portion of their father's estate left to them which was materially different from the terms thereof. As part of the compromise settlement with her brothers and sisters, petitioner acquired the right to receive \$5,000 a year during the life of her mother, whose life expectancy on April 19, 1913, was something over 15 years. What she surrendered was an interest in her father's estate sufficient to purchase the annuity in question and if that interest was the capital basis of such annuity it was equal to the present worth thereof computed on the mother's life expectancy of 15 years, 1 month and 9 days, which the parties agree was \$57,753.50. In *Florence L. Klein* (6 B.T.A. 617), in a proceeding involving the taxability of the income received under this same annuity contract, we said: "The significant fact now before us is that the value of what petitioner acquired by contract on April 19, 1913, became the capital basis for measuring any subsequent gain or loss in

respect thereof." We are of the opinion that such amount was the cost of the petitioner's annuity at April 19, 1913.

The contention of the petitioner is that the annuity contract was property which cost her at least \$57,753.50 and that, when her interest therein was terminated by the death of her mother, she sustained a loss under the provisions of section 202(a) of the Revenue Act of 1924,¹ measured by the difference between her capital investment and the amounts thereof recovered in the annual payments. That an annuity contract is property is too well established to require any discussion or citation of authorities. Here the annuity is not payable out of either the corpus or income of the estate of petitioner's father, but is created by contract between petitioner and her brothers, and there is therefore no question as to whether she received the annual payments as a beneficiary of the estate.

If the termination of the contract by the death of the petitioner's mother was a disposition of such property within the meaning of the taxing statute, it follows that the whole amount of the difference between the basis at acquisition and the recoveries of capital prior to such disposition is a deductible loss in the taxable year.

In *William P. Blodgett et al., Executors* (13 B.T.A. 1243) we held that the right of an estate to receive its decedent's share of the profits of a partnership for 1 year was a chose in action transmitted to the estate by such decedent and its capital cost was the present worth of such interest at the date the right to receive vested in the estate. The Commissioner determined that the entire amount of the partnership profits received by the estate during such first year was taxable income. We held that the chose in action was a capital asset of the estate and that realization therefrom was income only to the extent of the excess thereof over capital value at date of acquisition.

In *Guaranty Trust Co. of New York, Executor* (15 B.T.A. 20), the petitioner in the year 1919 exchanged certain leaseholds for an annuity of \$100,000 per year and the next 2 years received the respective amounts of \$100,000 and \$99,999.96 in conformity with the contract under which the exchange was made. The Commissioner undertook to tax the total of each payment as income in the year in which it was received. In that proceeding we held that the present worth of the contract computed on the annuitant's life expectancy should be regarded as the fair market value of the annuity and as the starting point from which to determine the taxability of amounts received under the contract and that the owner is entitled to recover such value free from tax. On the authority of *Florence L. Klein, supra*, we also held that each annual payment constituted in part a recovery of capital and in part a gain.

In *Florence L. Klein, supra*, involving the identical contract now under consideration, we said that "when actually received in each year the annual payment consists of the principal of such payment, plus the discount, the latter being the gain taxable as income." This is the rule that was later applied in the cases above cited and discussed. None of the proceedings cited has been overruled by the Board or reversed on appeal, and as to the question therein decided they are controlling on similar issues.

In conformity with the decisions above cited and upon the stipulated facts, it follows that petitioner sustained a loss of \$9,184.56 in the taxable year if the termination of her annuity contract by the death of her mother in 1925 can be regarded as the closing of a transaction entered into for profit as provided in section 214 (a) (5) of the Revenue Act of 1924. In *George M. Cohan* (11 B.T.A. 743) a very similar question was involved. In that proceeding the facts disclose that prior to the taxable year the petitioner had purchased an annuity contract and had made several substantial payments thereon. In the taxable year he decided that he had made a poor investment and forfeited the contract by nonpayment of installments then due. In his petition he claimed the right to deduct the sum of all payments theretofore made from his gross income as a loss sustained in the taxable year in a transaction entered into for profit. In our decision we held that an annuity contract is a transaction entered into for profit, that payments thereon are investments in property, and that the sum of such payments is a deductible loss in the year in which the contract is voluntarily forfeited for nonpayment of installments then due.

In *Pioneer Coöperage Co.* (17 B.T.A. 119) the petitioner claimed a deductible loss in the taxable year resulting from the destruction of timber by storm and the ravages of insects. In our decision we held that the facts brought the petitioner's contention within the loss provisions of the statutes. Upon appeal by the petitioner for increase in the amount of loss allowed by the Board, our decision was affirmed on all points in *Pioneer Coöperage Co. v. Commissioner* (53 Fed. 43; certiorari denied, 284 U.S. 637). In its opinion in that case the circuit court, in discussing the precedents relied on by the parties, said:

"These decisions refer to sale of property. The act includes not only sales but other disposition of property. A loss of property, such as occurred in this case, is a disposition within the meaning of the act, although it is involuntary. The property is disposed of so far as the owner is concerned, and there is no reason, in the absence of a positive statute, in determining a loss

why a different rule should be adopted than in the case of a voluntary sale. The purpose of the act is to allow the owner to deduct what he has actually lost in the transaction. The depletion and exhaustion statutes were not intended to cover losses such as are involved here."

On brief the respondent relies on *Warner v. Walsh* (15 Fed. (2d) 367); *United States v. Bolster* (26 Fed. (2d) 760); *Allen v. Brandeis* (29 Fed. (2d) 363); *Logan v. Commissioner* (42 Fed. (2d) 193); affirmed: *Logan v. Burnet* (283 U.S. 444); and *Mary W. B. Curtis*, (26 B.T.A. 1103).

In our opinion these cases are all distinguishable from the present proceeding. In each the income in question was payable from an estate and the issue was whether, in accepting the terms of a will providing for annual payments from a testamentary trust, a widow bought an annuity at the cost of her relinquished interest in the estate to which she was entitled under the law. There is no such question here. This annuity is based on a contract between the petitioner and her brothers. The payments were not made from the estate but from the personal resources of the brothers, who, after April 19, 1919, were obligated to pay, entirely regardless of the amounts received by them from the estate. In the cases cited the payments were made either by the estate or by a testamentary trust and apparently involve no rule applicable to the present proceedings. In any event they have been so greatly modified by the Supreme Court in *Helvering v. Butterworth* (— U.S. —, Dec. 11, 1933) that they are no longer controlling as to the principal question therein involved.

In our opinion, the weight of authority supports the contention of the petitioner. There is no controversy of the present worth of the annuity at date of the contract or that of the payments received thereunder. Accordingly, we hold that petitioner sustained a loss in the taxable year in the amount of \$9,184.56. The determination of the respondent is reversed.

Reviewed by the Board.

Decision will be entered for the petitioner.

Marquette and Leech dissent.

Mr. GEORGE. Mr. President, I do not rise to argue the question, but I do desire to say that the committee concluded at least that through the purchase of annuities by very wealthy people there is an opportunity to escape the payment of income tax upon the money used for that purpose. We were advised that there had been abuses, and that the opportunity existed for considerable abuse.

I felt at the time, and now feel, that I should not like to broaden the shelter under which wealthy people may go along with those holding tax-exempt securities to escape liability for possible taxation by the Federal Government. It seems to me that a question of policy is involved. It may be, as said by the distinguished Senator from Rhode Island [Mr. HEBERT] who is an expert on this question, that the Government may not get any more money. Indeed, it is conceivable that it may not get quite so much money. I am not prepared to argue the point. It is unquestionably true however, that through investments in annuities it is quite possible for a man of large means to put himself in a position where, for a long period of years, possibly for all time, he will escape even the prospect of possible liability for taxes upon the money so invested.

I do not desire to discourage the purchase of annuities. I do not know a great deal about the subject, but I assume that it is a form of investment which perhaps ought to be encouraged rather than discouraged. At least, discouragement is not the purpose of the committee. The purpose of the committee was to prevent a widening of the shelter under which our citizens could go and escape all liability for Federal income tax by virtue of this peculiar form of investment. I call it "investment" for lack of a better term.

It may be that the limit on annuities which are exempted should be raised from \$500, as fixed in the bill, so as to take care of the relatively small annuitants for whom investments had been made for the purpose of taking care of them in their advanced age, and so forth, as Senators have so forcefully pointed out.

Of course, I can very well see how the Supreme Court would properly hold that money invested in a home, which in fact pays no dividend or income to the owner of the home, cannot be considered for the purpose of assessing and collecting an income tax. That, however, is not this case. Beyond all doubt, when an insurance company sells its annuity and when the purchaser buys it, both of them contemplate a situation in which there will be an income in excess of the amount of money actually paid. There may not be. There may be a speculative element in the transaction, and it may

¹ Sec. 202. (a) Except as hereinafter provided in this section, the gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the basis provided in subdivision (a) or (b) of section 204, and the loss shall be the excess of such basis over the amount realized.

be quite proper to say that until the full amount of the premium paid has been returned there is only a prospective profit, and no actual profit upon which the Government may legally or rightfully levy an income tax. Yet the nature of the transaction is such that it is entirely fair to say, in the case of the normal contract, which would run for its normal expectancy, the parties contemplate that there will be an accretion or income in excess of the actual sum of money paid.

That being true, it seems to me the tax that is here sought to be levied is legal; and it does not seem to me that the requirement that 3 percent of the premium be considered as gross income, and go into the taxpayer's gross income, from which he may make all kinds of deductions if he is entitled to them, is unfair or particularly harsh to the ordinary annuitant. If there are cases in which the tax runs into a very high percentage, then, as I have suggested, it might well be that the aggregate annuity received should exceed \$500 per year. The amendment, of course, does exempt from all taxation all annuities that do not aggregate more than \$500 per annum.

It seems to me, however, that a sound principle of public policy is involved; and that principle is that whatever we may say about it, and however we may argue about it, we will not widen the shelter under which it is possible, at least, for a great many people to go and escape the possibility of tax upon a transaction which unquestionably contemplates, in the average and ordinary case, an element of profit or income.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. GEORGE. I yield the floor. I merely wish to say that I am making this statement because it is necessary for me to leave the Chamber, and I desired to express myself on this particular question.

Mr. HEBERT. I was about to cite an illustration which is not unlike that which the Senator appears to have in mind.

Let us assume that a citizen subject to tax desires to invest \$10,000, and he loans it to someone, payable back to him in 10 years, interest to be paid at the end of the 10 years. Can interest on that loan be anticipated for purposes of income tax?

Mr. GEORGE. Certainly not; but I wish to make my position very plain. That is not what is done by an insurance company which writes an annuity policy. It figures that over the whole period of years there will be a slight increase or earning upon the premium paid; and while it may in its own mind, or as a matter of bookkeeping, defer the payment of any possible increase to the end of the period, it cannot actually do so.

Mr. HEBERT. The Senator constantly reverts to the company that sells the annuity. I have repeatedly conceded that it has an income from those funds; but those funds are no longer the property of the annuitant, once they have been paid over to the company. They are the property of the company.

Mr. GEORGE. Let me ask the Senator a question. Suppose we should tax those funds; does not the Senator believe that in every annuity thereafter written the company would see to it that the annuitant bore the tax?

Mr. HEBERT. Oh, that is something else!

Mr. GEORGE. No. I am getting back to the transaction. It is a transaction that contemplates a profit; and the profit is not deferred to the end of the contract, or until there has been a return of the amount of money paid, because if that were true the payments would not be divided into equal annual installments.

Mr. HEBERT. The Senator overlooks the fact that if those funds were taxed in the hands of the insurance company, the tax on the insurance company would amount to about one eighth of 1 percent under existing law taxing the income of corporations—a wholly different proposal than the one we have under consideration.

Mr. GEORGE. I understand that; but I am trying to illustrate to the Senator the element of investment involved in a contract of this kind by asking him a simple question.

If the company selling the annuity were required to pay a tax, would it not in turn pass on that obligation to the annuitant?

Mr. HEBERT. But the insurance companies pay taxes.

Mr. GEORGE. Oh, I understand; but the Senator knows that the insurance companies have been very liberally dealt with in the income-tax acts.

Mr. HEBERT. The insurance companies pay the taxes imposed upon them by the Congress, and they pay taxes on the excess interest earnings over the amounts required to maintain their reserves.

Mr. GEORGE. Yes; and let me remind the Senator that the moral plea they always make is that the earnings upon their investments really accrue to the policyholders.

Mr. HEBERT. That is true.

Mr. GEORGE. It is true also of annuitants.

Mr. HEBERT. It is not always true. I was about to say that it is true of mutual companies.

Mr. GEORGE. It is true on their average transactions, and that is exactly why they have been dealt with most liberally by the Congress.

Mr. HEBERT. I desire to say to the Senator that it is not true on the average. It is true only in case of a company operating on the mutual plan. It is not true in the case of a company operating for profit; so the Senator should make that distinction.

Mr. GEORGE. There is, of course, a distinction between the two classes of companies. Congress has dealt liberally with insurance companies, however, and it has done so upon the moral ground, upon the basis of the plea repeatedly advanced, that in the case of a mutual company it is operating for the benefit of its stockholders, of its beneficiaries, of those who are to receive the benefit of the contracts. It seems to me altogether outside the bounds of reason to claim that an annuity contract stands upon any different footing morally than an ordinary life-insurance contract. I understand the difference in the contracts, but both of them contemplate the normal transaction where there is an increase that will flow finally to the beneficiary of the contract in excess of the money actually paid; and if the Senator be correct this bill will not impose, in the long run, any greater hardship than is imposed by the present law. It will get no more money for the Government.

Mr. HEBERT. No, Mr. President; I said I thought the existing law would yield more revenue to the Government than the proposed amendment.

Mr. GEORGE. Exactly.

Mr. HEBERT. But the existing law will not impose a burden upon annuitants where it should not be placed, whereas the proposed change in the law will impose such a burden, because it assumes as income that which is not income, and taxes it as such.

Mr. GEORGE. Mr. President, there is no need to argue the point. I know, and I have the utmost confidence that the courts will be able to say that when an insurance company writes an annuity contract and when citizen A or B or C buys that contract, both of them, contemplating the contract that is about to be purchased, figure on an increase over and above the actual money outlay for that contract, and, therefore, that the Government may properly say it will consider a small percentage—3 percent, in this case—on the actual money spent for the contract as gross annual income, to be added to the income of the taxpayer for the purpose of taxation, if the particular taxpayer is liable to pay an income tax.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

Mr. CAREY. Mr. President, I ask unanimous consent to have the clerk read an amendment which I intend to offer and which I ask to have printed.

The PRESIDING OFFICER. Without objection, the amendment will be read for the information of the Senate. The legislative clerk read as follows:

On page 105, after line 11, it is proposed to insert a new section, as follows:

SEC. —. Net losses of taxpayers engaged in agriculture: If for any taxable year or years beginning after December 31, 1931, and

not after December 31, 1933, it appears upon the production of evidence satisfactory to the Commissioner that any taxpayer engaged in agriculture sustained a net loss as defined in section 117 of the Revenue Act of 1932, the amount or amounts thereof shall (except to the extent allowed as a deduction under the Revenue Act of 1932) be allowed as a deduction in computing net income for the first taxable year of such taxpayer beginning after December 31, 1933; the deduction in such cases to be made under regulations prescribed by the Commissioner with the approval of the Secretary. As used in this section, the term "taxpayer engaged in agriculture" means only a taxpayer 75 percent or more of whose gross income for the taxable years involved was derived from agricultural operations.

The PRESIDING OFFICER. The amendment will lie on the table and be printed.

The question is on the committee amendment.

Mr. HEBERT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEBERT. Did the Chair state that the question is on the committee amendment?

The PRESIDING OFFICER. Yes.

Mr. HEBERT. May I ask what becomes of my amendment?

The PRESIDING OFFICER. Regardless of the result of the vote on the committee amendment, the Senator's amendment will be in order after that vote; but his amendment, being in the nature of a substitute for certain language on pages 15 and 16, will have to be considered last.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. FESS. I am confused as to the question. Is not the Hebert amendment an amendment to the committee amendment?

The PRESIDING OFFICER. No; it is a substitute proposing to strike out certain language on pages 15 and 16 and insert new matter.

Mr. HARRISON. Mr. President, is there any objection to perfecting the paragraph by adopting the committee amendment?

Mr. FESS. I do not think so.

Mr. AUSTIN. Mr. President, if we are to proceed in this manner, apparently the only way of preserving some of the rights of annuitants who have turned over their property to the universities and hospitals is to assert them now. That is to say, if we are to follow the suggestion of the Senator from Georgia [Mr. GEORGE] of proposing a change in the amount of the exemption, it would have to be proposed now, would it not? I ask that as a parliamentary inquiry.

The PRESIDING OFFICER. Any amendment to the committee amendment would have to be offered now.

Mr. AUSTIN. Then, Mr. President, I move to strike out "\$500", in line 11, page 16, and to substitute therefor "\$10,000."

Mr. HARRISON. Let us have a vote on that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on the amendment of the committee. [Putting the question.] The Chair is in doubt.

Mr. HARRISON. I am about to suggest the absence of a quorum, Mr. President; but I will withhold that suggestion for a moment. Can we not have a unanimous-consent agreement that we will vote on this question without debate the first thing tomorrow?

Mr. HEBERT. So far as I am concerned, I have said all I expect to say about the subject. I cannot speak for other Members of the Senate who may desire to be heard tomorrow; but, so far as I am concerned, I shall have nothing further to say about it.

Mr. HARRISON. Before asking for such a unanimous-consent agreement, I may say that we have tried to show every degree of patience, and we have not gotten anywhere at all today. I know this is a rather important amendment, but the committees of both House and Senate gave it every

consideration and are in agreement about it. If we can have a unanimous-consent agreement to vote without further debate the first thing upon convening tomorrow on this amendment, or any amendments that may be pending or that may be offered to it, I am perfectly willing not to have a quorum call tonight.

Mr. COUZENS. We could not agree to that, because we would have to have a quorum called anyway.

Mr. FESS. Mr. President, I am still in confusion about the parliamentary situation. I see no particular reason for adopting the amendment offered by the Senator, provided the amendment of the Senator from Rhode Island is to be voted on as a substitute.

The PRESIDING OFFICER. The Chair desires to state that the committee amendment is an amendment to the language of the House text, by striking out a part of that language. The amendment offered by the Senator from Rhode Island is a substitute for the entire section, both the House text and the Senate committee amendment.

Mr. HARRISON. What the Senator from Rhode Island proposes to do is to go back to the present law.

Mr. HEBERT. That is correct.

Mr. HARRISON. What the committee expects to do is to put on a 3-percent tax.

Mr. FESS. If that be the case, I see no objection to adopting the amendment to the amendment offered by the Senator from Mississippi, and then adopting the substitute.

Mr. HARRISON. As I understand, there is no objection to adopting the committee amendment, but we had reached a point where we were about to take a vote on the amendment offered by the Senator from Rhode Island, which is a substitute.

Mr. FESS. I have no objection to fixing a time for a vote tomorrow.

The PRESIDING OFFICER. The Chair was putting the question on the committee amendment when the interruption occurred.

Mr. REED. Mr. President, I feel perfectly certain that the Senators who side with the Senator from Rhode Island in this matter did not understand the effect of the question they were voting on. What the committee has done has been to introduce an exemption of \$500, which the House did not have in its text. The committee has been more generous to annuitants than was the other House. Everyone, it seems to me, whatever may be his views about the contention of the Senator from Rhode Island, ought to be glad to see the committee amendment adopted. Then the real division will come over to the motion of the Senator from Rhode Island to substitute the present law for the tax of 3 percent on annuities.

Mr. HEBERT. Mr. President, I so understand the parliamentary situation, and I have no objection to the vote being taken on the committee amendment. I did object to the vote being taken on the amendment which I had submitted until after a quorum call.

Mr. HARRISON. Does the Senator object to the unanimous-consent request that at the convening of the Senate tomorrow the Senate shall, without further debate, vote on the amendment?

Mr. HEBERT. So far as I am concerned, I have no objection.

Mr. HARRISON. And any other amendment which may be offered to this provision, without further debate?

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that on the convening of the Senate tomorrow there be a vote on the committee amendment—

Mr. HARRISON. No; the committee amendment has been agreed to.

The PRESIDING OFFICER. The committee amendment has not been agreed to. The Chair was putting the question on the committee amendment when the interruption came.

Mr. HARRISON. I heard the responses on the other side of the aisle, and I thought the amendment had been agreed to.

The PRESIDING OFFICER. A rising vote was being taken. If the Senator wants the vote completed, the Chair will put the question again.

The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Mississippi asks unanimous consent that on the convening of the Senate tomorrow the Senate vote, without further debate, on the amendment in the nature of a substitute offered by the Senator from Rhode Island [Mr. HEBERT] and on any other amendment which may be offered to this section. Is there objection? The Chair hears none, and it is so ordered.

RECESS

Mr. HARRISON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, April 4, 1934, at 12 o'clock m.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 3, 1934

The House met at 12 o'clock noon, with Mr. SABATH, Speaker pro tempore, in the chair.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Lord, our God, from whom cometh all goodness, wisdom, and mercy, as we realize our dependence on Thee, write in our hearts, more lasting than on the tables of stone, that which is above the value of wealth, ambition, or personal glory, namely, virtue, honesty, and integrity. O may we know that there is nothing in all the world warmer than love, purer than virtue, and stronger than faith. We pray, our Heavenly Father, that these graces may live and grow in all our daily conduct until they shall shed a telling influence along our pathway. Blessed Lord, Thou who art the sum of all things conceivable in gentleness and in sweetness, in purity and in truth, be a living power in our souls through faith and love, and unto Thee be praises in a world without end. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 12. Concurrent resolution to rescind the action of the Vice President and the Speaker in signing S. 2729, "An act to repeal an act of Congress entitled 'An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes', approved February 14, 1917, and for other purposes", and to enroll it with a correction.

The message also announced that the Vice President had appointed Mr. WALSH and Mr. BORAH members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the Labor Department.

THE PROPOSED DESTRUCTION OF AMERICAN MARKETS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks by including the remarks of my colleague, Mr. KNUTSON, of Minnesota, who has left the city.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following remarks of Hon. HAROLD KNUTSON, of Minnesota:

In the pending legislation we are asked to repeal section 8 of article 1 of the Constitution of the United States, which vests in Congress the power to lay import taxes. Under the bill now before the House Congress would surrender that power to the Executive, who, in his message to this body on March 2, announced that it was his purpose to negotiate trade treaties under this legislation that would stimulate foreign commerce. That is an objective we all are in sympathy with, but, in common with millions of my countrymen, I fear that any stimulation along that line would be enjoyed exclusively by the other fellow, and that we, as usual, would be left holding the sack.

If we enact this measure into law, we should make the job complete by also conferring the power to raise internal revenue and make appropriations. Then there will not even be an excuse for this rubber-stamp Congress remaining on the job and drawing pay for work that should be ours but is now being done by others to whom we have surrendered our responsibilities. Shades of Jefferson, Jackson, Lincoln, and Theodore Roosevelt! All that now remains is to rewrite the National Anthem to have it conform to what is and not what was.

There is absolutely no need for this revolutionary legislation, as the President now has the power under the flexible provision of the present tariff law to raise or lower existing rates by 50 percent. Surely no sane person will contend that the present law contains rates that should be lowered by so much as even 25 percent. As I view it much of our present unemployment and low commodity prices are altogether due to imports from abroad and to stimulate importations at this particular time through reciprocal trade agreements would only make matters worse and that is the last thing we should think of doing when we should bend every energy toward recapturing the American market for the American farmer and laboring man.

Mr. Speaker, I assume that under the proposed arrangement we will have a new set-up to be known as the International Trade Authority, with an administrator at its head. It will probably be known as the I.T.A. Let us see how it will operate: First, suitable quarters must be provided, and a permanent bureau of the Government will be moved out of its present quarters and into some fire trap on Sixth Street to make room for the new brain child. Stenographers, messengers, typewriters, filing cabinets, dictaphones, etc., must be provided. These acquired and the new bureau—pardon me, but I had forgotten for the moment that the term bureau is taboo under the new deal—authority, which does not cost so much to operate as does a bureau and will not be associated with increased governmental expenditures, is ready to operate. Now, we are all set for business, and the administrator sends for the Ambassador of Bergentina and the following dialogue takes place:

"ADMINISTRATOR. Mr. Ambassador, we would like very much to stimulate commerce between our countries and the President of the United States is prepared to make you some very substantial concessions in the way of preferential-trade treatment to attain that objective. You need automobiles, farm machinery, railroad equipment, radios, telephones, and what not. These we are prepared to supply in unlimited quantities. We want you to let the bars down so that commerce between us will be stimulated.

"AMBASSADOR. Your objective is most laudable, mi buen amigo, but what about our surpluses? We have more cattle, hogs, sheep, butter, casein, and corn than we know what to do with, and under your detestable Republican tariff law we experience difficulty in selling to you.

"ADMINISTRATOR. Under the new deal all peoples are brothers. We will have the A.A.A. restrict production in the things of which you have a surplus and you can then ship your surpluses into our country in proportion to our reduction, and if we find that the reduction ordered is not sufficient we will make yet greater reductions. What say you?

"AMBASSADOR. Muy bien. Muchas gracias, señor. Adios."

(Exit ambassador.)

(Enter Andrusian Ambassador.)

"AMBASSADOR. Good morning, Drug.

"ADMINISTRATOR. Good morning, Comrade. I cannot express adequately my deep satisfaction in resumption of diplomatic and trade relations between our countries which are daily having more and more in common, but my dear Comrade, we are not getting that volume of business from you that we anticipated when we resumed the relations that were interrupted back yonder. You are rapidly expanding and will need enormous quantities of machinery, railroad equipment, autos, trucks, radios over which you can educate the masses, and soon our domestic production of vodka will catch up with the demand of a people who thirsted for 13 years, and then we will be able to supply your needs along that line. As I said a moment ago, our countries have much in common. Let us enter into closer reciprocal trade relations. We will more than meet you half way as we always have. We will permit you to ship us matches, pulp, and print paper, iron ores, manganese, flax, copper, oils, timber and lumber, furs, etc. What say you, Drug?

"AMBASSADOR. I want to be perfectly frank, Comrade; we cannot buy for cash.

"ADMINISTRATOR. Comrade, let us not talk of such sordid things as money. Under the new deal you will need no money. We will furnish it.

"AMBASSADOR. You are aware that already the American match manufacturer has protested against Andrussian and Hopiganese matches which cost the domestic maker 78 cents per gross to manufacture, but which we can lay down in your country for 38 cents the gross. You are also aware, Comrade, that we can greatly undersell you in lumber, manganese, wheat, oil, pulp and print paper. What will the workers in these lines say to your admitting our products into this country and how will you take care of the tens of thousands of American workers who will be thrown out of employment under our arrangement?"

"ADMINISTRATOR. They will have to go into other activities where they can compete. Under the new deal there will be no artificial tariff barriers. Our motto will be, 'Swim or sink.' If they cannot compete with other countries it will be just too bad."

"AMBASSADOR. Comrade, I cannot describe to you the ineffable happiness that will pervade all Andrussia when I send them the glad tidings of the open door in America. This is the greatest step toward universal brotherhood that has yet been taken. It is more than a new deal, it is the dawn of a new era. Only one inspired could have conceived such a glorious program. I must hasten and cable my government the good news. Good day."

(Exit Ambassador.)

"ADMINISTRATOR. Ho-hum, I have done enough business for one day. Guess I'll run over to the International Club for a highball and some bridge."

(Exit Administrator.)

(Next day, same scene.)

"ADMINISTRATOR (to messenger who enters on summons of buzzer). Who is without?"

"MESSENGER. You mean without money, sir?"

"ADMINISTRATOR. Blazes, no; I mean who is waiting to see me?"

"MESSENGER. The Minister from Zneezokia, sir."

"ADMINISTRATOR. Admit him."

"MINISTER. Mr. Administrator, I have long awaited this happy moment when your glorious country should again show its noble heart. Last evening I heard of your doors having been opened to the poor and downtrodden producers of other lands. Truly, none but the generous American would do such a noble act. I have cabled my government to inform our manufacturers of shoes, glassware and crockery, toys, jewelry, and other things that under the new deal the hateful American protective tariff system is a thing of the past. Mr. Administrator, my heart is filled to the overflowing with gratitude and my eyes are suffused with tears of joy. Now, sir, what will you expect from us in return?"

"ADMINISTRATOR. We would like to ship to you some of our surplus farm products, such as beef, pork, wheat, and corn."

"MINISTER. But can you sell these products in our market in competition with Russia, Argentina, and Australia? If so, we will be most happy to give you a part of our business, which, unfortunately, is not very great, for we are a frugal and industrious people, as any of the workers in your shoe factories and glass and crockery plants can attest. But I am sure we can work out a satisfactory solution, and to show our gratitude I am today recommending to my government that after we have secured your market we pay you a few thousand dollars on our debt as a token of our appreciation of your having opened your doors to the poor toilers of my country. I shall also recommend to my government that it bestow upon yourself and your magnificent coworkers in the vineyard of international good will and unrestricted commerce the illustrious order of the Cat and the Fiddle. Shall we consider that a trade treaty has already been negotiated, sir?"

"ADMINISTRATOR. You may."

"AMBASSADOR. May Heaven bless you and your great country. Good day."

(Exit Minister.)

(Messenger announces Libyan Ambassador, who enters wreathed in smiles.)

"AMBASSADOR. Ah, mi amigo. I am the happiest of mortals."

"ADMINISTRATOR. Sit down and tell me about it."

"AMBASSADOR. When your government raised the sugar allotment of Libya you conferred a boon upon my people and, incidentally, you greatly helped your international bankers who own most of our sugar mills and plantations. Under the open-door policy that you have announced, may we not confidently look forward to the entire American sugar market? Surely, we can give you advantages in return that will compensate you for your generosity. Let your cane and sugar-beet growers go into dairying and sheep and livestock."

"ADMINISTRATOR. Mr. Ambassador, we are in a tough spot so far as sugar goes. Such sugar-beet States as Michigan, Minnesota, South Dakota, Utah, Colorado, Wyoming, Nebraska, Idaho, Montana, and California went Democratic in 1932. We have already restricted their 1934 production as much as we dare in order to help you market your sugar. You must realize there is another election just around the corner, and then, too, we must not lose sight of 1936. Understand, I am not unsympathetic, but we must be practical. However, I am satisfied that we can work out something that will be mutually satisfactory. We have already suggested a processing tax on sugar, of which we only produce a small part of our needs, with a view to further reducing the domestic production. Take it from me, señor, we will do everything we can to help you market your sugar crop. Maybe we can take a few million more acres of beet land out of production, but for Heaven's sake, no publicity. For very obvious reasons we have not seen each other."

"AMBASSADOR. Comprendo. Adios, señor."

(Messenger announces ambassador from Hipigon.)

"AMBASSADOR. Mr. Administrator, is it true that under the new deal you will permit our products to come into your country without restriction?"

"ADMINISTRATOR. Under the new deal all men are brothers. There is to be no color line, except for the Negro, and he is a domestic problem that we know how to handle. We have a very high regard for your people and we will do everything within our power to meet your wishes, but how about the practical angle? You folks are raising Cain with our domestic manufacturers and they are putting plenty of heat under us these days, but for your confidential information let me assure you that we are not going to baby these birds who cannot go out into the world market and stand on their own two feet. We want to develop a rugged individualism so far as commerce goes and from now on there will be no babying of infant industries."

"AMBASSADOR. Mr. Administrator, you are a great statesman. It is indeed unfortunate for my country that there are not more Americans like you. My government will confer upon you the Order of the Setting Moon as soon as I can communicate with my master. Again I thank you. Good day."

(Ambassador from Evadeland announced.)

"ADMINISTRATOR. Bonjour, Monsieur. We are always happy to see the representative of the country that dragged us into the war, borrowed our money, and had the courage to tell us to go and jump in the ocean when we ask for payment. The people of Evadeland have long been known for their ability to cut corners, and I'll tell the cockeyed world she plays no favorites in failing to pay her debts and obligations. Now, Monsieur, what can we do for you?"

"AMBASSADOR. Well, we could use another loan, but I presume that is out of the question until the American people become more reasonable. What I really came to see you about is the California wine industry, which is assuming such proportions as to endanger the wine industry of la belle Evadeland. I am wondering if we could not work out a plan under your Agricultural Adjustment Administration to have the California vineyard acreage planted to wheat, cotton, alfalfa, or some other crop that will not interfere with us. Surely, Monsieur, that is not asking too much. I understand much of that land is peculiarly adapted to the raising of fine cotton and alfalfa and the rest of it is marginal land that should not be used for crops at all. Under my plan it would obviate the necessity of your railroads hauling thousands of cars of grapes and permit them to use their refrigerator cars where they are less needed. We love your country and are proud to have been present at your cradle. We have conferred thousands and thousands of decorations upon your bankers, your molders of public opinion, and to those who rebuilt our devastated areas after the war. Surely it is not asking too much in return that we be permitted to continue to supply you with our choice vintages."

"ADMINISTRATOR. Monsieur, the deuce of it is that your country isn't so hot over here just now, but be patient. I am sure that we will be able to work out something that will be entirely agreeable to you and your government. We have a number of obstacles to overcome, one being that group of Americans who suffer from an exaggerated love of country, also that bunch of dampfools who expect you to pay your honest debt to us. As for another loan at this time, I think we'd better let that rest until after the congressional election."

"AMBASSADOR. Mr. Administrator, you are what your countrymen call a 'peach.' I shall remind you of this next winter. Adieu, mon ami, you are a great friend of Evadeland."

(Messenger announces Ambassador from Utopia.)

"AMBASSADOR. Good morning, Mr. Administrator. Is it really true that you have opened your doors to the products of the poor down-trodden farmers of my country? I was told so at the International Club a moment ago."

"ADMINISTRATOR. It is. It is our desire to bring about an era of international good will and unrestricted commerce between the nations of the earth. Of course, it must not be entirely one-sided, and therefore we shall expect certain concessions in return. You produce vast quantities of butter, eggs, poultry, cattle and hogs, grains, and other agricultural crops, and we understand that you have a large surplus in each. We will undertake to effect a substantial curtailment in the domestic production of those products of which you have an exportable surplus and permit you to ship such surpluses to us. In return we would expect to sell you farm machinery, autos, radios, steel, rails and railroad equipment, and some lumber. I know that your country is having financial difficulties, but we will arrange the necessary credit for you through the I.B.A."

"AMBASSADOR (nervously). Would we be expected to eventually pay such obligations? My government would be most reluctant to renege a second time on obligations we owe your government, although I may remind you that necessity knows no law."

"ADMINISTRATOR. That is a bridge we will cross when we come to it. Why borrow trouble unnecessarily?"

"AMBASSADOR. I fail to find words to adequately express my feelings. Let us go over to the International Club and properly celebrate this great and momentous occasion. My government will gladly pay for the drinks."

(Exit Administrator and Ambassador.)

My friends, this little sketch may sound unreal and fantastic, but I assure you that it is not. There is hardly a man or woman within the confines of continental United States but will be adversely affected by the enactment of this legislation. It will

result in greatly increased importations of commodities of all kinds that we can and should produce at home. In normal times we consume 93 percent of all that we produce. Why all this concern about the 7-percent foreign market, the credit of which is in most instances doubtful?

If we negotiate a trade treaty with Argentina, which is altogether agricultural, we must of necessity give more favorable treatment to her exports of cattle, hogs, beef, butter, corn, and wheat. How can that possibly help agriculture, which is the basic industry of our Nation?

If we enter into reciprocal trade agreements with Japan, Czechoslovakia, and Russia, it will mean the absolute ruination of many American industries which now give employment to millions of Americans who pay taxes, consume American products, and support our institutions. How can that possibly help solve our unemployment problem?

This program of curtailing domestic production, in hope of raising prices of our farm products, without first providing protection against competitive substitutes, can only result in the American farmer being again and again forced to reduce his production until he will finally be driven out of business.

Is there anyone within the sound of my voice who will seriously contend that we will stimulate industry, reduce unemployment, and promote prosperity by buying more abroad and producing less at home? Such reasoning is so fallacious as to make further discussion of the subject needless and unprofitable and a complete waste of time. What is needed is to preserve the American market for the products of American farms and factories in order to keep the wheels of our own industries turning and to provide employment for our own people.

LEAVE OF ABSENCE

Mr. RANSLEY. Mr. Speaker, I ask unanimous consent that leave of absence be granted the gentleman from Pennsylvania [Mr. DARROW] on account of illness.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

VETERANS' LEGISLATION

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting an analysis of the veterans' legislation contained in the independent offices appropriation bill, prepared by the Veterans' Administration.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following analysis prepared by the Veterans' Administration:

Gen. Frank T. Hines, Administrator of Veterans' Affairs, announced today that the Veterans' Administration is taking immediate action to make the veterans' provisions of the Independent Offices Appropriation Act for the fiscal year 1935, passed by the Congress over the President's veto, effective in all respects as soon as possible. Primary consideration is being given to those persons who were removed from the rolls by reason of the provisions of the Economy Act of March 20, 1933, whose rights to benefits are reestablished by the new law. In all cases where it is possible to restore pension or compensation without the necessity of an administrative review, such action is being taken. Immediate attention is also being given to those groups of cases wherein a review of evidence is required before a determination may be made under the new legislation in order that an adjudication may be accomplished with the least possible delay to the veterans and their dependents.

It is estimated that approximately 330,000 World War veterans, 180,600 Spanish War veterans, and 34,900 dependents of Spanish War veterans will be affected by this legislation. It is further estimated that the increased cost of these changes will be approximately \$63,000,000 on an annual basis.

Section 26 of the new law reinstates the former compensation rates for totally blind World War veterans, except where the veteran is being furnished hospital care by the Government and except as to cases involving fraud, mistake, or misrepresentation.

Section 27 provides for the payment of compensation to those persons who on March 19, 1933, had established service connection under section 200 of the World War Veterans' Act, 1924, as amended, and reenacts the provisions of that section as to such cases, except where the person entered the service subsequent to November 11, 1918, where clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of service, unless there was aggravation, or where the prior service connection had been established by fraud, clear or unmistakable error or misrepresentation, but, as to all cases embraced by these three exceptions, all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is to be upon the Government. The payment is to be at 75 percent of the amount payable in such cases on March 19, 1933.

Section 28 provides for the restoration of the World War rates in effect on March 19, 1933, for service-connected disability, except that reduction is permitted in accordance with regulations per-

taining to payment of pension to men in hospitals. It perpetuates the rating schedule in effect on March 19, 1933, under which ratings are based as far as practicable upon the average impairment of earning capacity in civil occupations similar to the occupation of the veteran at time of enlistment. It further provides for service connection in death cases for the widows and children of those veterans who died prior to the enactment of the new act and who, if living, would be in a position to reestablish service connection thereunder.

The limitations as to receipt of pension and salary by Government employees and as to the 50 percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States are not for application in these cases.

Section 29 amends section 6 of the Economy Act of March 20, 1933, as amended, by adding a proviso authorizing hospitalization or domiciliary care within the limitations existing in Veterans' Administration facilities of any veteran of any war not dishonorably discharged who is suffering from disability, disease, or defect, and who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expense therefor, including transportation to and from the institution. It provides that the statement under oath of the applicant as to his inability to pay for the service sought shall be accepted as sufficient.

Section 30 provides as to those veterans of the Spanish-American War who entered service on or before August 12, 1898, and persons who served in the Boxer rebellion or Philippine insurrection, who were on the rolls March 19, 1933, receiving pension for disability or age by virtue of the new law are entitled to receive not less than 75 percent of the pension being paid them on March 19, 1933, subject to the limitation requiring exemption from Federal income tax and as to Federal employees, the limitation that not more than \$6 per month can be paid such employees, if his salary, if single, exceeds \$1,000 or, if married, \$2,500. The provisions pertaining to payment of pension to men in hospitals as established under Public, No. 2, and the veterans' regulations are applicable to these cases. The benefits of this amendment do not extend to disabilities resulting from willful misconduct. The limitation as to the 50 percent reduction of benefits while any person entitled thereto resides outside the continental limits of the United States is not for application in these cases.

Section 31 reestablishes the provisions of section 213 of the World War Veterans' Act, whereby a person who is injured as a result of training, hospitalization, or medical or surgical treatment or examination is awarded compensation on the same basis as if the condition were incurred in the military or naval service. The application must be made within 2 years after the injury or aggravation or death, or after the passage of the act, whichever is the later date.

Section 32 repeals the last sentence of section 9 of the economy act, which barred persons in receipt of benefits from participating in any determination or decision with respect to claims for benefits.

Section 33 changes the title of payments to be made in service-connected cases of World War veterans from "pension" to "compensation."

Section 34 provides that payments shall be effective from date of passage of the act.

Section 35 provides for the payment of those insurance claims which have been determined to be payable prior to, but in which payment has not commenced on, March 19, 1933.

HOOR OF MEETING

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]?

Mr. MAPES. Reserving the right to object, and personally I shall not object, but may I say to the gentleman from Illinois that the Committee on Interstate and Foreign Commerce, for example, is considering in executive session very important legislation. I understand that one of the resolutions or bills which is likely to be brought up under suspension of the rules tomorrow is a resolution reported by that committee. I wonder if the gentleman has consulted with the chairman of that committee?

Mr. ARNOLD. I have not consulted with the chairman of the committee. I am making this unanimous-consent request at the suggestion of the majority leader.

Mr. MAPES. As far as I am concerned, I do not feel called upon to object if those in authority desire to meet at that hour.

Mr. BLANTON. Reserving the right to object, and I shall not object, I want to call the attention of the gentleman from Michigan [Mr. MAPES] to the fact that among the bills to be taken up tomorrow under suspension of the rules is a bill that will cost this Government \$10,000,000, a private bill, that ought not to be passed, and we ought to have plenty of time tomorrow to carefully consider that bill on its merits. I feel sure the gentleman will be one of those to help stop

that bill when it comes up. We ought to meet in plenty of time, so that we will not be hurried.

Mr. RICH. What bill does the gentleman refer to?

Mr. BLANTON. It is the only \$10,000,000 bill that is coming up under suspension.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]?

There was no objection.

THE TRUTH ABOUT THE VETERANS' RELIEF LEGISLATION

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the veterans' legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, there has been considerable furor evident in the editorials of the big newspapers of the country denouncing Members of Congress who voted to override the Presidential veto and enact the compromise legislation for relief of veterans with war service-connected disabilities and those whose disabilities are presumed to have been incident to their war service.

The actual amount of money involved between the proposals of the President and this compromise legislation is estimated to amount to less than \$20,000,000. There is practically no difference in the benefits provided for the Spanish War veterans and the presumptive cases, the main difference being for the direct service-connected cases. However, there is obviously a false impression of the cost and purposes of this veteran relief legislation. This is probably due to the propaganda that has been issued from the White House and carried in a large part of the press throughout the country, so that people back home have been led to believe that a very much larger sum of money was involved and that the Congress was trying to place back on the rolls non-service-connected veterans. There is absolutely no foundation for such propaganda.

There evidently is a complete misunderstanding of the overwhelming vote of the Congress in overriding the Presidential veto, as I have received a number of letters condemning my vote and confusing it with the vote on the bonus bill, which I opposed. It is only fair to remember that the Congress was trying to right a wrong and remedy an injustice done the veterans with war service-connected disabilities whose compensation was cut a year ago by Presidential regulations, and to restore those benefits to the bona fide disabled, particularly in view of the debasing of the dollar to 59 cents and the efforts of Congress to increase the cost of the necessities of life, such as food and clothing, which have gone up approximately 15 percent within the last year.

The inference that the Budget is being unbalanced by the compromise veteran relief legislation is an absurdity when it is considered that the present administration has deliberately unbalanced the Budget by some \$8,000,000,000 this year, and more billions are in prospect of being doled out for radical and socialistic experiments in the near future.

I deplore the attacks on the American Legion, which has been most reasonable, in spite of all propaganda to the contrary in the public press, in its advocacy of a fair deal toward the disabled veterans. The compromise legislation omitted entirely any benefits for widows and orphans for World War veterans, which was originally asked for by the Legion, and the Legion at no time this year has asked the Congress to support the bonus bill. It is well to remember in these days of radicalism tending toward a social and economic revolution that the American Legion is a bulwark not only for law and order but for the maintenance of the Federal Constitution and our American ideals and principles of government.

RELIEF AND RECOVERY, BUT NOT REVOLUTION

The SPEAKER pro tempore. Under the special order of the House, the Chair recognizes the gentleman from New Jersey [Mr. EATON] for 15 minutes.

Mr. EATON. Mr. Speaker, my thesis in this address is simply this: I am for relief and recovery, but not for revolution.

By a great majority, in 1932 the voters of the United States intrusted the Democratic Party with the task of lifting our country out of the depression which still casts its shadow over every civilized nation in the world.

On taking office in March 1933, the President outlined a program of relief and recovery for which he asked the support of Congress. In the belief that it was my duty as a citizen, I have given my support to all relief measures proposed by the administration and to a majority of those directed toward recovery.

In the administration's program of recovery, conditions obtaining in the year 1926, when Mr. Coolidge was in power, were set as the objective and standard of recovery. In March of that year I had the honor to address this House on the subject of America's Economic Revolution. I had come fresh from years of service in the great industries of the country, where I had been striving to put into practical application certain social principles in which I believed then and in which I believe now.

My fundamental proposition was that social progress consists of the increasing participation of more and more people in more and more of the good things of life. I believed then, as I do now, that the chief organ of civilization in effectuating this principle is organized industry. I believed then, as I believe now, that the central economic problem of our age is how to achieve a just distribution of wealth and that this just distribution is best made possible by a high wage level, which means, of course, profitable prices for the production of farm labor.

It cannot be denied that in the year 1926 the United States of America had reached a level of economic comfort and a wide-spread distribution of wealth among the masses of men never even dreamed of, let alone achieved by any other society in the history of the world. In that year our Nation's wealth was estimated to be around three hundred and fifty billions. The production of our manufacturing industries reached a total of more than sixty billions, with salaries and wages paid by all branches of industry amounting to the enormous total of forty billions.

Our foreign trade amounted to some nine billions a year. American farmers received an average of a billion dollars a month for the productions of their toil and soil.

In that year many of our great industrial leaders had awakened to the truth that mass consumption is an absolute necessity in a mass-production age. This established the first reason for high wages widely distributed. Perhaps unconsciously there was developing a great Nation-wide movement to cure the evils of the capitalistic system by making more capitalists.

It may be asked why the happy conditions of that year did not perpetuate themselves. My answer to that question is twofold. First, there was spreading over the world, but had not yet cast its blighting shadow over our Nation, a wave of fear caused by the inevitable economic collapse due to the wastage of the World War. And here at home our people failed to develop the moral qualities which are even more necessary to sustain prosperity than to meet adversity. As a result, there set in a rapidly developing moral collapse manifesting itself in every walk of our American life and reaching its supreme expression in the crash of 1929.

Wherever it is practical and in accord with the principles and ideals of our American Constitution and our American life I am in favor of having our Government render assistance in the process of economic recovery. But we must remember that our economic structure was not made. It grew. It is the unconscious complex result of the discipline and toil of countless millions of our people working through a century and a half as individuals and in cooperation. It is a vital organism like a tree or a family. Every vital organism contains within itself the powers necessary for its regeneration and recovery in times of sickness and

reaction. The doctor cannot cure, he can only diagnose, stimulate, nourish, and where surgical operation is indicated remove obstruction. After he has done that, unless the patient has within himself a sufficient power of recuperation, he will surely die.

So with our great economic and industrial organization. The giant, the most magnificent and powerful the world has ever seen, lies prostrate. I believe he has within himself still unused mighty energies of recovery. Insofar as the Government acts as the doctor, its activities may be legitimate, but I believe the time is here when the patient is ready to stand up and move out to his duties again. If instead of wrapping him in the grave clothes of hastily conceived theoretical and unworkable legislation, we drive the quacks out of the sick room and loose him and let him go, I am firmly of the faith that we shall see in the early future a real economic recovery.

If the President's program consisted of these two great objectives alone—relief and recovery—there would be small cause for the growing spirit of alarm and anxiety which manifests itself today among all classes in an increasing degree throughout the country.

We are, however, confronted with a third objective, sometimes called "reform", sometimes called "revolution." Because this program of revolution is so wrapped in uncertainty as to its origin, so contradictory in its announced policies and objectives, so unconstitutional and un-American in its plans and purposes, both relief and recovery are in serious danger of a set-back amounting to a national calamity. This program of revolution is not contained in the Democratic nor in the Republican platforms of 1932. It was not dreamed of by the outstanding leaders of the Democratic Party in March 1933, and it is alien to the best thought and leadership of both political parties.

We need to recall exactly what is going on in the world. The objective toward which the civilizing process has moved through the ages is the freedom of man. Not of one man or a few men, but of all men in all nations. After centuries of struggle in most civilized countries man achieved freedom to think, freedom to worship, and recently freedom to vote.

Today in every civilized nation the masses of men are fixing their attention upon one new objective—namely, how to achieve economic freedom. And this objective must be attained if civilization is to endure.

The common enemy of the civilized world today is economic poverty. Even a generation ago, to suggest the possibility of finally eliminating economic poverty would have been a fantastic dream. Not so now. Science has given man dominion over the forces and resources of nature so that our productive capacity is easily equal to the task of furnishing every human being with an abundance of material things. Our problem is no longer the problem of production; it is the problem of distribution.

There has lined up in the world a twofold approach to this problem. In Europe it has been definitely decided by the leading continental countries that this problem cannot be solved except by the sacrifice of religious, intellectual, and political freedom.

Italy, under its great and able dictator, is just now abandoning political government and assuming the form of corporate government.

A dictator rules for the moment in Germany, and who can deny that his proposals for economic freedom involve the complete disappearance of intellectual, religious, and political liberty?

Russia is not and has not been, under the Communists, a political state. The dictatorship of the proletariat scrapped the political state and erected in its place an economic structure. In this process not only has political liberty been destroyed but religion itself is being ruthlessly uprooted. There is no such thing in Russia as freedom of thought and speech, and political liberty is unknown.

The question before the American people is not now a question as between political parties and geographic sections or financial interests. The central question that confronts the American people today is simply this: Can we achieve

economic liberty for the masses of men and at the same time preserve in their entirety the political, the spiritual, and the intellectual liberties under which we have become the greatest, most prosperous, and happiest people in the world?

Because I believe this to be the most central and vital problem now before the American people, I am deeply disturbed over the so-called "reform proposals" of mysterious origin, but bearing Executive sanction, which seek to take shape in legislation. In the interest of our common country, I believe it is the duty of the present administration, with the support of both political parties and all sections and interests, to turn away for the present from these grandiose un-American schemes of reform or revolution and confine our attention to the two problems of relief and recovery. When once more our unemployed have been put back to earn a living for themselves, when our farmers have reached a reasonable economic security and our industries and financial institutions have begun to function normally, then, if reform or revolution seems a necessity, the people themselves ought to have the right by their vote, after full education and discussion, to decide what form the new revolution shall take.

The next great alinement of public opinion in this country, in my judgment, will take the form of a contest between American-minded citizens and Russian-minded citizens. Between those who believe that we can become economically free and still retain our American ideals of political freedom and those who believe that we must purchase economic freedom by the sacrifice of every other form of liberty that has blessed the world.

Whatever this alleged revolution may mean, it has demonstrated that it includes at least two great fallacies. First of these fallacies is the attempt to ignore or avoid the struggle for existence by legislative enactment. If this were possible for the human race, it would be the only instance among all vital organisms where the price of progress is not found in continuous struggle.

A second fallacy is the idea that we can substitute the authority of a bureaucracy for the control of personal conscience and the guidance of individual intelligence in the daily life of the people.

The SPEAKER pro tempore. The time of the gentleman from New Jersey [Mr. EATON] has expired.

Mr. EATON. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. EATON. I thank you, Mr. Speaker, and I thank the Members for their very courteous attention.

If we are to stumble on through this fog of uncertainty which is falling like a pall over the Nation, it must be self-evident to every Member of this House that we will soon have to have an entirely different political set-up. The Constitution under which we have prospered will have to be amended or completely destroyed. This House represents the greatest single political achievement in the history of the English-speaking race, namely, the right of the people to govern themselves and to tax themselves. If the American people are now ready to renounce this right, ready to declare that they are incapable of self-government, ready to turn themselves over to the control of a dictatorship or a bureaucracy, then the function of Members of this body must undergo a radical change. It will not be necessary for us to legislate or appropriate moneys or levy taxes. That will be done by the bureaucracy. We will become a sort of attorney for the people. Each Member will have to have an expert in his office to study the thousands of bills handed to us by our rulers, in their effect upon the individual citizen, upon his business, upon his personal liberties. And especially will we have to have experts to deal with the bureaucracy in behalf of individual citizens dissatisfied with the share of the common wealth doled out to them.

I cannot close this hasty sketch of the problems confronting the American people without declaring my invincible

belief that our central need today is not economic, not political, urgent as these are. Our central need is moral and intellectual. We must derive from some source a new spiritual concept of the duties as well as the rights and dignities of men, whether they be great or small, rich or poor. If we can achieve this, we shall find an abundant resource of wisdom and character to solve all our problems and to carry our great and glorious country steadily forward in its place of leadership among the nations of the world. [Applause.]

At this point I wish to include a paragraph from an address by Daniel Webster on the one hundredth anniversary of Washington's Birthday:

Other misfortunes may be borne or their effects overcome. If disastrous wars should sweep our commerce from the ocean, another generation may renew it; if it exhaust our Treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests. It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these may be rebuilt. But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again. Like the Colosseum and the Parthenon, they will be destined to a mournful and a melancholy immortality. Bitterer tears, however, will flow over them than were ever shed over the monuments of Roman or Grecian art; for they will be the monuments of a more glorious edifice than Greece or Rome ever saw—the edifice of constitutional American liberty.

The great civilizations of the past which crumbled into ruin fell because they lacked spiritual and intellectual resources to support their material superstructure. Thus far our beloved country has possessed the wisdom and character among its people to solve every problem and meet every crisis. I believe we now possess the resources of brains and character to solve the problem of economic poverty without laying in the dust the glorious fabric of our political institutions. And believing this, I face the future firm in the faith that the American people will never surrender their liberties to any dictatorship, however specious and alluring its appeal. [Applause.]

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, on tomorrow I am going to take up, under suspension of the rules, the Rankin-Norris resolution to authorize the Federal Power Commission to gather and publish power rates throughout the country.

The startling revelations that are being made today not only in the States of New York and Tennessee but in every other State where the activities of the power interests are being investigated, render it more imperative than ever that this information be made available to the American people.

I do not wish to take up the time of the House today, but time for debate tomorrow will be limited. I have some information I should like to give to the Members of the House; and I, therefore, ask unanimous consent to extend my remarks in the RECORD at this point and to include a short quotation on this subject.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

Mr. RICH. Mr. Speaker, reserving the right to object, what does the gentleman mean by short quotations? How much space will it take in the RECORD?

Mr. RANKIN. Mr. Speaker, I shall read the only quotation I desire to insert, and then I shall not have to insert it by unanimous consent. The gentleman has no objection to my own remarks, has he?

Mr. RICH. Certainly not; we like to hear from the gentleman.

Mr. RANKIN. I want to show, Mr. Speaker, the attitude of the power interests with reference to investigations; and I think I can say without boasting that there is no man in

the House more familiar with their activities than I am. I am down there right in the midst of their operations; I have been fighting them for a long time and have fought them successfully.

We read in this morning's Washington Herald that Mr. John T. Mange, president of the Associated Gas & Electric System—

carefully counseled the vice president to "limit the number of references so that the people called upon will be as few as possible", adding:

"And for God's sake, leave me out."

And again later on Mange wrote:

"I should avoid expressing opinions or giving advice just as far as I possibly could."

Hopson wrote Mange:

"Please note the testimony of Mr. Carlisle (chairman of the Niagara-Hudson Power Corporation). Undoubtedly, during the coming week some of us will also be summoned to testify and we will be asked questions about what we are doing with respect to the reduction of rates and the like.

ATTITUDE ASKED

"What do you think our attitude should be toward this sort of questioning? Should we express complete ignorance of what is being done by the hydroelectric commission in Canada? Should we get up an elaborate lot of data on all kinds of subjects to spout into the RECORD, as was done by Carlisle?"

They want to keep the people in the dark on the subject of power and light rates; and in order to do so, they propose to express complete ignorance of what is being done by the hydroelectric commission in Canada.

They have also pretended ignorance of the power rates in Canada and elsewhere, rather than give the people the information that would inform them as to what electric power is worth.

You note it is suggested that "we get up an elaborate lot of data on all kinds of subjects to spout into the RECORD, as was done by Carlisle." That is one of the typical methods of procedure they follow in their attempts to keep the people blinded as to the rates they should be charged for electric lights and power.

One farmer up near the city of Madison, in Minnesota, says that in 1924 he and nine other farmers built an electric line. They put in \$500 each, making a total of \$5,000. They own their own line, take care of it and repair it themselves. They connected with the Ottertail Power Co. and had to sign a contract to pay 10 cents a kilowatt-hour, besides \$2.22 per month leakage charge, which made the small amount of power they used cost them more than 25 cents a kilowatt-hour. Add to that the interest on their investment in their line, and it cost them on an average of around 40 cents a kilowatt-hour.

Under the T.V.A. contract a farmer in the Tupelo territory pays 3 cents a kilowatt-hour for the first 50 kilowatt-hours, 2 cents a kilowatt-hour for the next 150 kilowatt-hours, 1 cent a kilowatt-hour for the next 200 kilowatt-hours, and 4 mills a kilowatt-hour for all over 400 kilowatt-hours per month.

Those Minnesota farmers did not have the information as to what electric power is worth and probably were unprotected by their State utilities commission.

I pointed out in my address to the House some time ago that the average consumer of electric energy in Canada uses 350 kilowatt-hours per month, whereas the average consumer in America uses only about 50 kilowatt-hours per month, or about one seventh of the amount used by the Canadian.

In Winnipeg, Canada, 350 kilowatt-hours per month would cost \$3.08.

In London, Ontario, Canada, they get their power from Niagara Falls, 125 miles away, and for 350 kilowatt-hours per month they pay \$3.99.

In Windsor, Canada, where they get their power from Niagara Falls, 250 miles away, 350 kilowatt-hours per month cost exactly \$4.26.

Windsor is right across the river from Detroit, Mich. In Detroit 350 kilowatt-hours per month cost \$11.80.

The figures from Winnipeg, London, and Windsor, Canada, are up to date, and show what light and power cost in those places at this time.

In Tacoma, Wash., where they have an exclusive municipal monopoly, these 350 kilowatt-hours per month cost \$4.55.

In Seattle, Wash., where they have a municipal plant with private competition to divide the load, these 350 kilowatt-hours per month cost \$6.30.

In Tupelo, Miss., and in all the other territory served by the T.V.A. where the yardstick rates are applied, the 350 kilowatt-hours per month will cost exactly \$6.

Now, let us see what they cost elsewhere. According to this book, NELA, which, as I said, was issued by the National Electric Light Association in 1931, 350 kilowatt-hours per month for residential lighting in Bisbee, Ariz., would cost \$18.40; in Fort Smith, Ark., \$24.40; Andalusia, Ala., \$27.10; Birmingham, Ala., \$24.75; Denver, Colo., \$18.10; Danbury, Conn., \$16.28; Wilmington, Del., \$16.50; Miami, Fla., \$29.90; Valdosta, Ga., \$12.66; Boise, Idaho, \$15.90; Quincy, Ill., \$21.75; Indianapolis, Ind., \$17.25; Des Moines, Iowa, \$12.65; Salina, Kans., \$13; Ashland, Ky., \$21; Baton Rouge, La., \$33; Bangor, Maine, \$31.50; Hagerstown, Md., \$13.20; Boston, Mass., \$26.25; Winona, Minn., \$14.70; Bay City, Mich., \$13.50; Meridian, Miss., \$27.10; Jefferson City, Mo., \$10.15; Reno, Nev., \$21.50; Scottsbluff, Nebr., \$25.38; Butte, Mont., \$9; Berlin, N.H., \$25.20; Asbury Park, N.J., \$19.75; Ithaca, N.Y., \$32.30; Raleigh, N.C., \$20.75; Columbus, Ohio, \$14.50; Tulsa, Okla., \$26; Portland, Oreg., \$7.89; Pittsburgh, Pa., \$12.10; Columbia, S.C., \$24; Chattanooga, Tenn., \$16.60; San Antonio, Tex., \$25.50; Richmond, Va., \$22.

Thus it will be seen that, with a few shining exceptions, such as Seattle and Tacoma, Wash., Portland, Oreg., and Butte, Mont., the cost of these 350 kilowatt-hours per month to the small users of electricity runs from two to five and one half times what they will cost under the T.V.A. yardstick.

The contract between the city of Tupelo, Miss., and the Tennessee Valley Authority went into effect some time ago, and I have before me duplicate copies of light and power receipts in that city for the month before this contract went into effect, and for the month succeeding that time. Here are some of the figures:

Under the old contract the monthly light and power bill of R. W. Reed Co., a retail mercantile establishment, was \$65.14; the next month it was \$23.69.

J. H. Merritt paid \$11.26 for the month under the old rate and \$4.77 the next month under the T.V.A. rate.

L. W. Trice paid \$2.30 under the old rate and 75 cents under the new; Tupelo Journal paid \$41.38 under the old and \$18.94 under the new; J. H. Ledyard, \$5 under the old rate and \$1.58 under the new; George Maynard, \$9 under the old and \$2 under the new. J. C. Penny Co., Inc., paid \$84.50 under the old rate and \$28.49 under the new. Tupelo Daily News paid \$61.50 under the old and \$25.01 under the new; Hotel Tupelo paid \$145.58 under the old rate and \$46.60 under the new. Kroger Grocery & Baking Co. paid \$30.18 under the old rate and \$14.85 under the new rate.

Some men have asked why we want the information to be compiled under this resolution. We want it for the benefit of the American people. We want it for the benefit of the Federal Power Commission, the Tennessee Valley Authority, and other governmental agencies interested in the prices of electric lights and power.

We want it for the benefit of municipal officials, county officials, and State officials.

We want it for the benefit of Congressmen and Senators, Governors of States, and members of State legislatures who are interested in seeing that their people are given the benefits of this great national resource at rates which the producer can afford to accept and which the consumer can afford to pay.

We also want these rates for the benefit of any private power companies that are doing a legitimate business and are interested in furnishing electric energy at reasonable rates, based upon the cost of production.

We want it for the public generally, and there is no reason on earth why they should not have it.

CAMP MERRITT MERITS ALL

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a copy of the bill H.R. 8139.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave to extend my remarks, I include bill H.R. 8139, having for its purpose the establishment of Camp Merritt as a national shrine. Every Member of Congress should rally to its support. It was America's leading military cantonment during the World War. It is enshrined in the hearts of veterans. Let us preserve its hallowed site in New Jersey just beyond the Palisades. Now is the time.

The bill referred to is as follows:

H.R. 8139

A bill to provide for the establishment of a national monument on the site of Camp Merritt, N.J.

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to acquire, on behalf of the United States, such portion of the site of Camp Merritt, N.J., as, in his judgment, may be necessary and suitable for the establishment of a national park or monument, which shall be a public national memorial to the members of the American Expeditionary Forces who occupied such camp during the World War. If practicable, the property so acquired shall include the site on which a memorial monument has been erected and the land adjacent to such monument. In the event the Secretary is unable to purchase a portion of the site of such camp at a reasonable price, he is authorized and directed to acquire such property by condemnation in the manner provided by law. The Director of the Office of National Parks, Buildings, and Reservations, under the direction of the Secretary of the Interior, shall have the supervision, management, and control of such national park or monument, which shall be known as the "Camp Merritt National Monument", and shall maintain and preserve it for the benefit and enjoyment of the people of the United States.

SEC. 2. The Secretary of the Interior is authorized, in his discretion, to mark with monuments, tablets, or otherwise, historical points of interest within the boundaries of the Camp Merritt National Monument.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

S. 2686

The SPEAKER pro tempore. The Chair lays before the House the following communication from the Senate:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

The SPEAKER pro tempore. Without objection, the request of the Senate will be agreed to.

There was no objection.

PRIMO TIBURZIO

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 881, entitled "An act for the relief of Primo Tiburzio", with a Senate amendment, and agree to the Senate amendment.

Mr. HANCOCK of New York. Reserving the right to object, can the gentleman from New York tell me what the number of this bill is on the Private Calendar?

Mr. BLACK. It is a House bill which just passed the Senate. The Senate amended the bill by cutting the amount from \$1,500 to \$1,000.

There being no objection, the Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "\$1,500" and insert "\$1,000."

The Senate amendment was agreed to.

CHARLES J. EISENHOWER

Mr. BLACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2639) entitled "An act for the relief of Charles J. Eisenhower", with Senate amendments, and agree to the Senate amendments. The Clerk read the title of the bill.

There being no objection, the Clerk read the Senate amendments, as follows:

Page 1, line 4, after "pay", insert ", out of any money in the Treasury not otherwise appropriated."

Page 1, line 4, strike out "\$1,500" and insert "\$1,000."

The Senate amendments were agreed to.

PRIVATE CALENDAR

The SPEAKER pro tempore. The Clerk will call the first bill on the Private Calendar, beginning at the star.

C. A. DICKSON

The Clerk called the first bill on the Private Calendar, H.R. 916, for the relief of C. A. Dickson.

WE INVITE MEMBERS TO SIGN FRAZIER BILL MOTION

Mr. LUNDEEN. Mr. Speaker, if the gentleman will permit, I wish to call attention to the petition on the Speaker's desk, for the Frazier-Lemke bill, which now has the signatures of 127 Congressmen. One hundred and forty-five names are necessary to bring the motion before the House to discharge the Committee on Agriculture from further consideration of this bill.

JOHN A. SIMPSON STRONG ADVOCATE OF FRAZIER BILL

This is the bill our revered farm leader, the late John A. Simpson, national president Farmers' Union, fought for so valiantly and so courageously. He has now gone over the horizon into the great beyond; his spirit speaks to us today to carry on. He was diligent and eternally vigilant on the public platform and on the radio with masterly addresses, well delivered and listened to by millions of our fellow citizens. I remember so well the last meeting he addressed in the large caucus room of the old House Office Building on February 21, 1934, just a few days before his death. He came with his good wife, Mrs. John A. Simpson, and daughter, Miss Mildred Simpson, and his address was heard by a great number of the Members of the House and Senate and friends who listened with great interest to the proceedings of that evening.

JOHN BOSCH, MINNESOTA FARM LEADER, SUPPORTS FRAZIER BILL

During the spring of 1933 I called the Members of the House from North Dakota and Minnesota together in my office at 535 old House Office Building, and John A. Simpson spoke to us at that time in his convincing manner, concerning farm legislation. John Bosch, of Atwater, Minn., national vice president Farmers' Holiday and Minnesota president Farmers' Holiday, is one of our sturdy, dependable Minnesota farm fighters. He has given time and effort for years in favor of the Frazier bill and other farm legislation of interest to agricultural America. I am happy to say that I joined with them and voted exactly as they counseled in that conference.

I have great admiration for their leadership, and I recently attended an inspiring conference in the Continental Hotel, which was attended by Mr. Simpson, Milo Reno, and others.

LOW INTEREST RATE NECESSARY FOR REVIVAL OF BUSINESS

Why leave the Frazier bill lying on the Speaker's desk? Why not complete the 145 signatures at once? Why not give farmers low-interest rates? I have only one fault to find with the Frazier bill and that is the interest rate is too high at 1½-percent interest and 1½-percent amortization. If I had my way about it I would make it a total of not more than 1-percent interest and 1-percent amortization. There is no good reason that can be advanced why the farmers should not have money at the same rate given banks who are receiving money at the rate of a fraction of 1-percent interest to cover the bare cost of the transaction.

I have risen on this floor many times urging Members to support the Frazier bill. I do so once more today, and ask your attendance at our conference in the main caucus room of the old House Office Building, Wednesday, April 4, at 8 o'clock in the evening.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the account of C. A. Dickson, postmaster

at Cleburne, Tex., in the sum of \$72.45, and to certify such credit to the Comptroller General. Such sum represents the amount of United States postal funds lost by reason of the failure of the Home National Bank and the Farmers and Merchants National Bank of Cleburne, Tex., and charged in the account of the said postmaster as a balance due the United States after the payment of final dividends in respect of such deposits.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JAMES T. WEBSTER AND MARY A. WEBSTER

The Clerk called the next bill, H.R. 939, for the relief of James T. Webster and Mary A. Webster.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this bill provides for reimbursement to these parties for attorneys' fees in contesting a condemnation suit by the Government for a post-office site. The report of the acting head of the Public Land Division has this to say:

If bills of this character are to be presented to Congress, we would have the same situation in behalf of an owner such as the owner at Beaver Falls. In many instances, probably, it would be embarrassing for Congressmen to refuse to introduce a bill in behalf of influential constituents. So it all results in the question as to whether or not we will initiate in this case a most unwholesome and unwise custom.

Mr. Speaker, in view of this, I object to the bill.

MANUEL MERRITT

The Clerk called the next bill, H. R. 998, for the relief of Manuel Merritt.

The SPEAKER pro tempore. There is a similar Senate bill on the Speaker's table.

Mr. BLANTON. Mr. Speaker, there is a recommendation from the Department respecting the House bill.

The SPEAKER pro tempore. Does the gentleman object to the consideration of the Senate bill?

Mr. BLANTON. Is the Senate bill identical with the House bill in amount?

The SPEAKER pro tempore. There is a difference of 10 cents.

Mr. BLANTON. Then the Senate bill carries out the recommendation of the Department.

There being no objection, the Clerk read the Senate bill, as follows:

S. 552

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of \$40.20 to Manuel Merritt in payment of amount of loss sustained in postal funds by the failure and closing of the First National Bank of Roff, Okla.

Mr. BLANTON. Mr. Speaker, I move to strike out the last word. This bill exemplifies the necessity of getting a report from the Department. It shows how accurate the departments are and how closely they study these bills. When this bill was presented to the Department for report it showed that the House bill was for \$40.30, while only \$40.20 was involved. The Department recommended that the 10 cents be taken off. The Senate has seen fit to correct the bill. I call this to the attention of my colleagues to show that our departments watch even small, insignificant amounts in their recommendations and reports.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

MILES THOMAS BARRETT

Mr. HOPE. Mr. Speaker, I ask unanimous consent to return to Calendar No. 205, the bill (H.R. 5709) for the relief of Miles Thomas Barrett.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. There is a similar Senate bill on the Speaker's desk.

There being no objection, the Clerk read the Senate bill, as follows:

S. 1484

Be it enacted, etc., That the Secretary of the Treasury is authorized to pay Miles Thomas Barrett, of Bridgeville, Pa., out of any money in the Treasury not otherwise appropriated, for his service in the United States Army as a sergeant in the Corps of Engineers for the period of May 3, 1918, to August 19, 1918, both dates inclusive, the sum of \$175: *Provided*, That his service in the United States Army during the period in question is hereby made honorable by virtue of the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

ANNIE I. HISSEY

The Clerk called the next bill, H.R. 1158, for the relief of Annie I. Hissey.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, may I ask the gentleman from Maryland if he would be willing to accept an amendment providing \$5,000 instead of \$10,000?

Mr. PALMISANO. Mr. Speaker, I hope the gentleman will not insist on that amendment. Ten thousand dollars is a very small sum for the death of a man.

Mr. GRISWOLD. The gentleman will realize that we have not been granting \$10,000 on these claims, and we want to treat them all alike.

Mr. PALMISANO. Mr. Speaker, I agree if that is the limit.

Mr. BLANTON. That is the limit on a death claim.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, may I ask the gentleman if he will consent to the usual attorney's fee amendment, which this bill does not include?

Mr. PALMISANO. I accept the gentleman's suggestion.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the United States Treasury not otherwise appropriated, the sum of \$10,000 to Annie I. Hissey in full for all claims she may have against the Government on account of the death of her husband, William Hissey, who was fatally injured in the city of Washington, D.C., on the 6th day of January 1932, resulting from a driver of a United States Government truck negligently running into and upon William Hissey while he was attempting to cross the street at the intersection of Thirteenth Street, I Street, and Potomac Avenue SE.

Mr. PALMISANO. Mr. Speaker, I offer an amendment changing the amount from \$10,000 to \$5,000, and also an amendment with respect to attorneys' fees.

The Clerk read as follows:

Amendments offered by Mr. PALMISANO: Line 6, strike out "\$10,000" and insert in lieu thereof "\$5,000", and at the end of line 14 insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GLENN F. KELLEY

The Clerk called the next bill, H.R. 1197, for the relief of Glenna F. Kelley.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General is authorized and directed to credit the accounts of Glenna F. Kelley, postmaster at Goreville, Ill., in the sum of \$48.34. Such sum represents the amount of a deficit in the accounts of the said Glenna

F. Kelley, caused by the loss by said Glenna F. Kelley of postal funds deposited in the First National Bank of Goreville, Ill., which failed December 30, 1930.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROBERT TURNER

The Clerk called the next bill, H.R. 1207, for the relief of Robert Turner.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, the only objection I have is to the word "bodily", in line 7, page 1. If that word is stricken out, I shall have no objection to the bill.

Mr. BLACK. I accept that amendment, Mr. Speaker.

Mr. HOLLISTER. Reserving the right to object, Mr. Speaker, we also ought to have the usual clauses that this is in full settlement of all claims against the Government and the usual attorney's fee provision.

Mr. ZIONCHECK. That is true.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the committee why this bill has not been passed before. It dates back to 1921.

Mr. BLACK. The gentleman will have to ask the gentleman who was chairman of the committee back in 1921.

Mr. TRUAX. Has it been objected to heretofore?

Mr. BLACK. Yes.

Mr. TRUAX. I object, Mr. Speaker.

FREDERICK W. PETER

The Clerk called the next bill, H.R. 1208, for the relief of Frederick W. Peter.

Mr. HOLLISTER. Reserving the right to object, Mr. Speaker, I should like to ask the gentleman from Ohio [Mr. TRUAX] a question. The relief requested in this bill is based on the same accident as in the bill the gentleman just objected to. If one bill is good, the other is good, or if one is bad, the other is bad. The only difference is that with respect to the one to which the gentleman objected, in my opinion, the amount carried in the bill is more proportionate to the injury sustained than this particular one. I did not object to the preceding bill, and I only reserved the right to object to this one because it seemed to me the amount ought to be cut down. Perhaps the gentleman from Ohio might want to withdraw his objection to the previous bill and let it go through.

Mr. TRUAX. Mr. Speaker, I may say to the gentleman from Ohio [Mr. HOLLISTER] I shall object to this bill also.

The SPEAKER pro tempore. Objection is heard.

NELLIE REAY

The Clerk called the next bill, H.R. 1209, for the relief of Nellie Reay.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay Nellie Reay, out of any money in the Treasury not otherwise appropriated, the sum of \$13.42 in full and final settlement of all claims against the Government for work performed as a charwoman in the custodian service of the post office and courthouse at Trenton, N.J., from November 1 to November 7, 1929.

With the following committee amendment:

Line 6, strike out "\$13.42" and insert in lieu thereof "\$12.95."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AGNES M. ALLSOP

The Clerk called the next bill, H.R. 1210, for the relief of Agnes M. Allsop.

Mr. BLANTON. Mr. Speaker, reserving the right to object, is the author of the bill here?

Mr. POWERS. Yes.

Mr. BLANTON. As our friend knows, this bill will establish a precedent that will cause several thousand claims to be filed against the Government of the United States, and

eventually will cost us many millions of dollars. Whenever you go back to the year 1913 and place parties under the jurisdiction of the Employees' Compensation Commission you open up a Pandora's box that will cause thousands of new claims to be filed against the Government. We have prevented these bills from coming up here year after year because they would cost the Government millions of dollars. For this reason I object, Mr. Speaker.

R. GILBERTSEN

The Clerk called the bill (H.R. 1211) for the relief of R. Gilbertsen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of R. Gilbertsen, postmaster at Glenburn, N.Dak., in the sum of \$250.30 due the United States on account of the loss of postal funds resulting from the failure of the Glenburn State Bank of Glenburn, N.Dak.: *Provided,* That the said R. Gilbertsen shall assign to the United States any and all claims he may have to dividends arising from the liquidation of said bank.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARIE TOENBERG

The Clerk called the bill (H.R. 1212) for the relief of Marie Toenberg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Marie Toenberg, postmaster at Alexander, N.Dak., in the sum of \$239.89, due the United States on account of the loss of postal funds resulting from the failure of the First National Bank of Alexander, Alexander, N.Dak.: *Provided,* That the said Marie Toenberg shall assign to the United States any and all claims she may have to dividends arising from the liquidation of said bank.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MINNIE D. HINES

The Clerk called the bill (H.R. 6390) for the relief of Minnie D. Hines.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. DUNCAN of Missouri. Mr. Speaker, it seems to me that this is a worthy claim. A number of bills of this kind have been passed. This woman is not a professional bonds-woman in any sense of the word. I personally have known her for many years. She was like a lot of other people who were influenced to sign a bond for a bootlegger. She offered a reward for his arrest. She offered \$500 reward. It was determined by the court that she was not able to pay the \$7,000 claimed, and the court permitted her to pay \$4,000. She had to mortgage her property to do that, and the property is now being threatened with foreclosure. The prisoner was returned, and I am informed she paid the expenses of bringing him back. He served 2 years in the penitentiary following that and was fined \$1,000 by the court.

Mr. HOLLISTER. Mr. Speaker, I reserve the right to object. The only objection I have is this: I understand that the signer of this bond, the person for whom relief is sought, received \$700 for signing the bond.

Mr. DUNCAN of Missouri. I notice that in a letter from the Attorney General.

Mr. HOLLISTER. It does seem to me, if that is so, that this \$700 should be subtracted from what she gets from the Government.

Mr. DUNCAN of Missouri. I did not have any knowledge of that, but the report says she received no fee for executing the bond. If that is the gentleman's only objection, I would be willing to have that deducted from the amount.

Mr. HOLLISTER. I have no objection if that is deducted.

Mr. ZIONCHECK. Mr. Speaker, in answer to the statement made by the gentleman from Missouri [Mr. DUNCAN], the amount of the sum due under the bond has already been

reduced from \$7,000 to \$4,000. The fact that the woman received \$700 is ample proof that she was in the business of putting up bonds.

Mr. DUNCAN of Missouri. I know personally that she was not. She may have done it this time. I have no knowledge about that. I was informed that she had not done it, but the letter of the Attorney General shows that she did.

Mr. ZIONCHECK. The reason I shall object to the bill is a matter of policy. When anyone signs a bond it is his duty to produce the prisoner.

Mr. DUNCAN of Missouri. She did offer a reward and paid the expenses of having him produced.

Mr. ZIONCHECK. Despite that fact, I object.

JOHN EVANS

The Clerk called the next bill, H.R. 6626, for the relief of John Evans.

The SPEAKER pro tempore. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object and I shall object unless the gentleman from Missouri [Mr. DUNCAN] cares to make some statement.

Mr. DUNCAN. The same condition exists with respect to this as to the other, except there was no compensation paid for the signing of the bond. I believe the record so states. It is the same kind of a bond. The prisoner was apprehended and brought back and, I believe, served 30 days in jail. It was not an important case. He paid \$2,000 on the bond.

Mr. GRISWOLD. Mr. Speaker, the conditions are the same. The bond was given in good faith and was accepted by the court in good faith. They did not produce the prisoner. The court was delayed. I object.

J. B. HUDSON

The Clerk called the next bill, H.R. 7230, for the relief of J. B. Hudson.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Mr. Speaker, I reserve the right to object. The War Department recommends that Hudson be paid \$157.80. It was ascertained that the damage to the car amounted to only \$92.20. If the author of the bill will accept that amendment I have no objection.

Mr. RAMSPECK. Of course, if the gentleman insists, I shall have to accept, but I call attention to the fact that there were two boards of Army officers who passed on this matter. The second board which found the exact cost also held that Hudson was not liable for the damage, and that it should not have been deducted from his pay at all.

Mr. TRUAX. Is this a similar case to the horse case the gentleman had 2 or 3 weeks ago?

Mr. RAMSPECK. No.

Mr. TRUAX. Then I withdraw my objection.

The SPEAKER pro tempore. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$250 to J. B. Hudson, said sum representing deduction in pay while a sergeant in the United States Army.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PORTER BROS. & BIFFLE ET AL.

The Clerk called the next bill, H.R. 7279, for the relief of Porter Bros. & Biffle and certain other citizens.

Mr. BLANCHARD. Reserving the right to object, Mr. Speaker, I will not object, with the understanding that the bill may be amended to clarify the language.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That Porter Bros. & Biffle, a copartnership composed of H. L. Porter, L. A. Porter, and J. W. Biffle; Spradling & Porter Bros., a copartnership composed of Royal Spradling, H. L. Porter, and L. A. Porter; Henry Price, Royal Spradling, J. L. Keith, W. T. Brummett; Price & Florence, a copartnership composed of Henry Price and Buster Florence; J. B. O'Harro and estate of G. J. Keith, their heirs, legal representatives, executors, administrators, and assigns, and statutes of limitations being waived,

are hereby authorized to enter suit in the United States District Court for the Northern District of Texas for the amount alleged to be due to said claimants from the United States by reason of the alleged neglect and alleged wrongdoing of officials and inspectors of the United States Bureau of Animal Industry, in the dipping of tick-infested cattle in Texas and Oklahoma, which said cattle were shipped to Oklahoma in the year 1919.

Sec. 2. Jurisdiction is hereby conferred upon said United States District Court for the Northern District of Texas to hear and determine all such claims without the intervention of a jury. The action in said court may be presented by a single petition making the United States party defendant, and shall set forth all the facts upon which the claimants base their claims, and the petition may be verified by the agent or attorney of said claimants; official letters, reports, and public records, or certified copies thereof, may be used as evidence, and said court shall have jurisdiction to hear and determine said suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found due from the United States to the said claimants by reason of the alleged negligence and erroneous certification, upon the same principles and under the same measures of liability as in like cases between private parties, and the Government hereby waives its immunity from suit. And said claimants and the United States of America shall have all rights of appeal or writ of error or other remedy as in similar cases between private persons or corporations: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of said court, and upon such notice it shall be the duty of the Attorney General to cause the United States attorney in such district to appear and defend for the United States: *Provided further*, That such suit shall be begun within 6 months of the date of the approval of this act.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment.
The Clerk read as follows:

Page 2, line 4, after the word "neglect", strike out the balance of the paragraph and insert in lieu thereof the following words: "of the inspectors of the Bureau of Animal Industry, United States Department of Agriculture, in certifying as clean of splenic fever and ticks cattle shipped from Texas and Oklahoma in the year 1919."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BOSTON STORE CO.

The Clerk called the next bill, H.R. 7292, for the relief of the Boston Store Co., a corporation, Chicago, Ill.

Mr. WEIDEMAN. Mr. Speaker, I reserve the right to object.

Mr. TRUAX. Mr. Speaker, reserving the right to object, the author of this bill is present and desires to offer an explanation of the bill. I want to say, however, that this bill is for the relief of the Boston Store Co. in the sum of \$6,246 for a claim that dates back to August 16, 1921. This bill was presented, evidently, to the greatest Secretary of the Treasury since Alexander Hamilton, Mr. Andrew Mellon, and he disallowed this bill. The claimant had overpaid the Government \$19,000 on income taxes for the year 1920, and the Treasury sent the claimant a check for that amount, less the amount of this claim, the claim having been once allowed. To let this bill pass unobjected to, in my judgment, would be sanctioning the infamous methods of the Treasury Department for the past 12 or 13 years in refunding between four and a half and five billion dollars to the rich income-tax payers.

The Boston Store Co. is one of the mammoth chain systems. They have stores all over the United States of America. They have a big store in Columbus, Ohio, and they have one in my home town, Bucyrus. We all know those big chain stores are draining the country of all of its cash resources every Saturday night.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. WEIDEMAN. That same store is the firm which says it will sell shoes made in Massachusetts, and they sell the people of Chicago shoes with paper soles, do they not? That is how they make their money.

Mr. ZIONCHECK. Does the gentleman mean they are perpetrating a fraud on the public?

Mr. WEIDEMAN. Yes.

Mr. ZIONCHECK. Well, I object.

Mr. SABATH. Will the gentleman reserve his objection until I make a statement?

Mr. ZIONCHECK. I will reserve the objection.

Mr. SABATH. Mr. Speaker, this bill has been passed twice before in this House. This bill has been approved by all of the departments. Notwithstanding what the gentleman from Ohio [Mr. TRUAX] states, it is one of the very few houses or firms that has overpaid its income tax to the Government, or paid more than it actually owed, and they received a return of \$19,000. So it shows they must be pretty honest people. I do not know whether the same concern has any other stores outside of Chicago. There are many other stores by the name of "The Boston Store", but I doubt very much whether this firm has any other interests outside of the store in the city of Chicago. They have been in business for over 50 years and have a splendid reputation. If they sometimes sell shoes that are not so good, as has been claimed, it is due to the manufacturer in the gentleman's district or in the district of the gentleman from Massachusetts.

Mr. TRUAX. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. TRUAX. Upon what authority does the gentleman from Illinois make the statement that they overpaid their income taxes compared to what they should honestly have paid?

Mr. SABATH. Upon the report of the Revenue Department, which examined their books and returned to them \$19,000 as an overpayment.

Mr. TRUAX. In what year?

Mr. SABATH. I do not recall the year.

Mr. TRUAX. Was it during the regime of Mr. Mellon?

Mr. SABATH. I do not know who was then in power, whether it was Mellon or not; but I think it was long before Mr. Mellon came into control of the Treasury.

Mr. TRUAX. This claim originated in 1920, and Mellon took office in 1921, did he not?

Mr. SABATH. I think the gentleman is right on that point. Of course, we say many things sometimes in jest that are repeated and have a serious effect. I want to say, in justice to this concern, that it has as good a reputation as any in the United States. They are not people who have many chain stores. The gentleman from Ohio [Mr. TRUAX] knows my stand on chain stores. I have been trying to put them out of business for many years.

Mr. TRUAX. By handing them more money?

Mr. SABATH. No, no; not handing them more money. The only thing I would hand them is a wallop.

Mr. TRUAX. A wallop of \$6,000?

Mr. SABATH. Not at all. They paid this money to the Government that they should not have paid. The report shows clearly that they bought in good faith and paid for merchandise which turned out to be worthless, which could not be used or sold. I know that neither the gentleman from Ohio nor any other Member desires that the Government retain this money. The merchandise was not as represented; it could not be sold or utilized.

This bill has twice passed the House, but due to conditions in the Senate, and I presume because I do not stand so well over there, the bill did not pass that body.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. KRAMER. What became of the cots? Where are they now?

Mr. SABATH. Most of them were so damaged that they had to be thrown away; they could not be sold.

Mr. KRAMER. Were they given to Wolshinsky in Chicago?

Mr. SABATH. I do not know any such firm.

I doubt very much if these cots were sold to anybody, as they were eaten up by rust, and the condition was such that I do not see how they could have been used. This information comes to me from investigation that has been made.

Mr. HANCOCK of New York. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is, Is there objection to the present consideration of the bill?

Mr. WEIDEMAN. Mr. Speaker, I object.

ROYCE WELLS

The Clerk called the next bill, H.R. 7387, for the relief of Royce Wells.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to Royce Wells the sum of \$2,500 in full settlement for personal injury sustained by reason of the explosion of a bomb under the direction of the war-loan organization of the eighth Federal Reserve district in connection with a Victory-loan drive at De Soto, Mo.

With the following committee amendments:

Page 1, line 6, strike out "\$2,500" and insert in lieu thereof "\$1,500."

Page 1, line 7, after the word "by", insert "Royce Wells by".

At the end of the bill add the customary attorney fee amendment, as follows: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SUBCONTRACTORS ON THE POST OFFICE AT LAS VEGAS, NEV.

The Clerk called the next bill, H.R. 3900, authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

Mr. GRISWOLD. Mr. Speaker, I object.

EDNA B. WYLIE

The Clerk called the next bill, H.R. 1362, for the relief of Edna B. Wylie.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Edna B. Wylie, postmaster of Derby, Iowa, out of any money in the Treasury not otherwise appropriated, the sum of \$21.97, being the amount of postal funds lost in the failure of the First National Bank of Derby, Iowa, on or about February 10, 1928.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out "\$21.97" and insert in lieu thereof "\$22.90."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

W. C. GARBER

The Clerk called the next bill, H.R. 1418, for the relief of W. C. Garber.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to W. C. Garber, out of any money in the Treasury not otherwise appropriated, the sum of \$112.44, under an agreement by which the Government exercised an option to rent certain property to be used as a landing field, although the project was abandoned by the Government, and this sum as accrued rental recommended by the Department of Commerce for payment.

With the following committee amendment:

Page 1, line 10, insert the customary attorney fee proviso as follows: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It

shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendment was agreed to.

Mr. BLANCHARD. Mr. Speaker, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, after the figures insert the words "in full settlement of all claims against the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

WILLARD F. HOLTEEN

The Clerk called the next bill, H.R. 1486, for the relief of Willard F. Holteen.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. WOLVERTON. Mr. Speaker, will the gentleman withhold his objection to permit an explanation?

Mr. ZIONCHECK. Certainly.

Mr. WOLVERTON. I think if the gentleman will give careful consideration to the reports that have been made by the War Department he will see that this claim has had the approval of the Secretary of War.

Mr. ZIONCHECK. I so understand.

Mr. WOLVERTON. The only objection has come from an auditor of the Department on a technical question as to whether the goods belonging to this second lieutenant, who was then doing service in France, were destroyed prior to or following the destruction of Government property which was destroyed in the same fire. It seems to me that such a position is so technical that it should be brushed aside. I hope the gentleman from Washington will see the justice of the claim made by this soldier, who lost his property through no fault of his own.

Mr. ZIONCHECK. I am objecting as a matter of carrying out the policy that the Government should not be an insurer of the personal property of soldiers and sailors.

Mr. GRISWOLD. The gentleman realizes that we have bills of this nature on the Private Calendar running as high as \$6,000 and \$7,000 for the loss of personal property of Army officers while the property was on Government premises. All such bills have been objected to.

Mr. WOLVERTON. I understand the principle that the gentleman has in mind, but I think if the gentleman will examine this case carefully, as I have sought to do, through the records of the War Department and otherwise, he will find that it comes in a different class than those to which he has referred, for the reason that under the law of 1918 there could be a recovery by the claimant if he lost his property while trying to save Government property. The fact is that when the alarm was sounded that the barracks were on fire, the claimant, Lieutenant Holteen, hurried to answer the alarm, and engaged in an effort to stop the fire. His personal property was in the barracks and destroyed by the flames. If he had thought only of his own property and had gone to save it, he might have been able to do so and thereby saved himself this loss. The strange part of the law under which the auditor of the War Department refused to pay the claim, or at least the interpretation he gave to it, was this, if when Lieutenant Holteen went to save the Government property, if his own property was not already destroyed, he could recover under the law. Thus, the whole question, under the ruling of the auditor, centered around the fact of whether claimant's property was destroyed while he was protecting Government property. Those who were on the field at the time of the fire reported favorably on his claim, but an auditor in Washington said that he believed the lieutenant's property had already been destroyed when he sought to save the Government property, and, therefore, there could be no recovery.

I feel that even though this may be a close case from a technical standpoint, yet as the veteran whole-heartedly and courageously assisted in the effort to put out the fire, he should not be tied down by a technical interpretation of an auditor in Washington as against those who were on the field at the time of the fire and who knew the facts of the case.

Mr. GRISWOLD. Under the act of July 1918 the burden of proof was on the officer to show that he came within the act.

Mr. WOLVERTON. That may be true.

Mr. GRISWOLD. In this particular case he did not show that he came within the act. That is why the auditor disallowed the claim. The disallowance was due to his failure to bring himself under the provisions of the act.

Mr. WOLVERTON. For the gentleman's information I wish to say that Lieutenant Holtean satisfied the officers in France that he was entitled to recover for his loss of property and he has satisfied the Secretary of War that he is entitled to this relief.

Mr. ZIONCHECK. The War Department and the officers always recommend these bills. The mere fact that their recommendation comes in makes no difference.

Mr. WOLVERTON. The gentleman has, then, had a different experience than I have had. It has been my experience that departments of Government seldom recommend payment of claims without any ifs or buts. The fact that the War Department, through the Secretary of War, has done so in this case emphasizes the merit of the claim.

Mr. ZIONCHECK. They do it all the time, I may say for the gentleman's information.

Mr. WOLVERTON. I wish the gentleman would take into consideration the welfare of this veteran, who was engaged in his Government's service in France, and give him the benefit of the doubt in a close case, and that is what this amounts to. This is a close case in the construction of an act, and I would like to see the gentleman accept the construction that has been adopted by the Secretary of War, rather than that of an auditor.

Mr. ZIONCHECK. Mr. Speaker, I move that this bill be passed over without prejudice, to be called up on the next day the Private Calendar is called.

The motion was agreed to.

IRVIN PENDLETON

The Clerk called the next bill, H.R. 1893, for the relief of Irvin Pendleton.

Mr. BLANTON. Mr. Speaker, this bill would set the same new precedent as the one I mentioned awhile ago. It seeks to set aside the statute of limitation in the Employees' Compensation Act, and, if passed, would establish a precedent which eventually would cost the Government many millions of dollars. For there are thousands of such claims now existing in all parts of the United States; and if we passed this bill, they would be filed immediately against the Government and we would have no excuse, then, for not allowing them all. For the above reason, Mr. Speaker, I object to this bill, just as I did when the other one was called a while ago.

WILLIAM L. JENKINS

The Clerk called the next bill, H.R. 1939, for the relief of William L. Jenkins.

Mr. TRUAX. Mr. Speaker, this bill is one that goes back to 1916, therefore I object.

Mr. BLANCHARD. Mr. Speaker, will the gentleman reserve the objection?

Mr. TRUAX. I will reserve the right to object.

Mr. BLANCHARD. Mr. Speaker, this is a bill that the gentleman from Pennsylvania [Mr. DITTER] introduced. I wonder if the gentleman would be willing to pass this bill over without prejudice, with the right to call it up on the next day the Private Calendar is called.

Mr. TRUAX. I am willing to do that.

Mr. BLANTON. It is passed without prejudice automatically and remains on the Private Calendar.

Mr. BLANCHARD. With the understanding that it will come up first on the next day the Private Calendar is considered.

Mr. ZIONCHECK. There is another bill ahead of this one.

The SPEAKER pro tempore. The bill will retain its place on the Private Calendar.

A. H. POWELL

The Clerk called the next bill, H.R. 1943, for the relief of A. H. Powell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to credit to A. H. Powell, special disbursing agent, Bureau of Industrial Alcohol, United States Treasury Department, New Orleans, La., the sum of \$144, under certificate of settlement no. G-27718-T, dated August 26, 1932, New Orleans industrial alcohol account, symbol no. 14907, supplemental from October 1, 1931, to April 1, 1932, under bond of March 26, 1928, such credit to become effective immediately after the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE JEFFCOAT

The Clerk called the next bill, H.R. 2026, for the relief of George Jeffcoat.

The SPEAKER pro tempore (Mr. DOBBINS). Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of \$10,000 to George Jeffcoat, husband of Mary Alma Jeffcoat, on account of the death of the said Mary Alma Jeffcoat, who was killed by one S. S. Sligh, Jr. (a Federal officer, known as a Federal prohibition officer, in Government service, while on duty), on December 21, 1931, while driving an automobile on a public street in the town of New Brookland, Lexington County, S.C.

With the following committee amendments:

Page 1, line 6, at the beginning of the line, insert the words "of all claims", and after the word "Government", insert the words "of the United States"; and page 1, line 7, strike out "\$10,000" and insert in lieu thereof "\$5,000"; and on page 2, line 3, strike out the period after "Carolina", insert a colon, and add the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHN S. CATHCART

The Clerk called the next bill, H.R. 2054, for the relief of John S. Cathcart.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John S. Cathcart, of Hartsville, S.C., the sum of \$89.50 for money expended for the Post Office Department.

Mr. BLANCHARD. Mr. Speaker, there is a slight discrepancy between the amount carried in the bill and the amount set out in the report, and for the purpose of correcting that I offer an amendment striking out "\$89.50" and inserting in lieu thereof "\$87.80."

The Clerk read as follows:

Amendment offered by Mr. BLANCHARD: Page 1, line 6, strike out "\$89.50" and insert in lieu thereof "\$87.80."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDWARD V. BRYANT

The Clerk called the next bill, H.R. 2169, for the relief of Edward V. Bryant.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I would like to ask the author of this bill for an explanation.

Mr. HANCOCK of New York. Mr. Speaker, as the gentleman probably recalls, the Lever Act was one of the bills passed during the hysteria of 1917. It was a so-called "antiprofitteering law." A special prosecutor was appointed, a gentleman I know very well, as he is from my own home city and a very energetic and able lawyer. Every indictment under that act resulted in a conviction. When the first case was tried it was appealed and went to the circuit court of appeals, and there the act was held unconstitutional, but subsequent prosecutions came along and nearly all the defendants in these subsequent cases pleaded guilty and paid their fines, with a proviso and an understanding with the special district attorney that in the event the Lever Act was finally declared to be unconstitutional by the Supreme Court of the United States the fines would be repaid. This stipulation was entered into between the attorneys for the Government and these various defendants.

The Lever Act was declared unconstitutional, as the gentleman recalls, but these fines had been covered into the Treasury. So the defendants then went into the Court of Claims, and received awards from the Court of Claims in the amounts they had paid as fines. The Government appealed from that decision, and it was held that the Court of Claims did not have jurisdiction to make these awards.

So the only relief these defendants have is through acts of Congress. We have passed four or five or perhaps six similar bills refunding Lever fines. I do not know that there are that many, but everyone that has come before Congress has been passed. I know several of my own personal knowledge.

Mr. TRUAX. Has the gentleman any knowledge of the approximate total amount of fines that was paid on account of indictments under the Lever Act?

Mr. HANCOCK of New York. I have those figures in my office. I do not think they amounted to much more than \$50,000.

Mr. BLACK. It was more than that, because the House passed a bill back in 1924 granting the return of a considerable amount of money. The bill was known as the "Leavitt bill."

Mr. HANCOCK of New York. I do not remember that, but I know the circumstances in this particular case. If the gentleman would like to have me go into the details of the Bryant case, I shall be pleased to do so.

Mr. TRUAX. I may say to the gentleman that it is not necessary, but I think it is a very bad policy to establish in this Congress that we will go back 15 or 20 years and refund fines that have been paid into the Treasury, because there is no question but that during the prohibition era fines amounting to thousands and hundreds of thousands of dollars were paid into the Federal Treasury on account of acts that would not be considered violations of the law today. They were technical violations.

Mr. HANCOCK of New York. The gentleman, of course, can make the distinction that this was an unconstitutional law and so declared by the Supreme Court. The fine in the Bryant case was paid with an express agreement on the part of the Government that if the Supreme Court of the United States finally held the law to be unconstitutional, the fines would be returned. In some cases the district attorney actually held the money in escrow, in the bank or in his own office, and in such cases the money was turned back.

Mr. TRUAX. Was the money paid under protest?

Mr. HANCOCK of New York. It was paid under protest and under a stipulation which I believe is set out in the report.

Mr. BLACK. It is also set out in the bill.

Mr. HANCOCK of New York. I did not realize this bill was coming up today, or I would have brought my file with me.

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Edward V. Bryant, out of any money in the Treasury not otherwise appropriated, the sum of \$2,400, the amount of a fine paid by Edward V. Bryant in pursuance of a judgment entered upon a plea nolo contendere under certain provisions of the so-called "Lever Act" previous to the time that the Supreme Court of the United States held such provisions void, the said plea and said payment being made under a stipulation as follows: "In consideration that the Attorney General and his court shall accept the plea nolo contendere which I hereby tender to the above-entitled indictment, I do hereby waive any and all fines which the court may see fit to impose upon me upon such plea, except in the event that the so-called 'Lever Act' under which said indictment is found shall be declared unconstitutional by the Supreme Court of the United States and that no prosecution could be sustained upon the facts stated in said indictment."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ROBERT TURNER

Mr. POWERS. Mr. Speaker, I ask unanimous consent to return to H.R. 1207, Calendar No. 230 on the Private Calendar.

Mr. TRUAX. Reserving the right to object, is this one of the bills which the gentleman asked me to withdraw my objection to?

Mr. POWERS. That is correct.

Mr. TRUAX. I shall not object to the reconsideration of the bill.

Mr. BLANTON. Reserving the right to object, what bill is it?

Mr. POWERS. It is a bill for the relief of Robert Turner.

Mr. BLANTON. Does it affect the Employees' Compensation Commission?

Mr. POWERS. No.

The SPEAKER pro tempore. Is there objection to returning to the consideration of the bill?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Reserving the right to object.

Mr. POWERS. I believe the gentleman from Ohio is not fully cognizant of the facts in this case. This bill provides for the payment of the sum of \$1,500 for the relief of Robert Turner, of Burlington, N.J. Mr. Turner sustained an injury in a collision with an automobile of the United States Army on or about October 28, 1921.

A board of officers found that the collision was due to the carelessness and negligence of the driver of the Government car, which at the time was being used in the Government service, and that Mr. Turner was without fault in the matter.

Frankly, I think this is a just claim and it is not an excessive one. I should be most happy if the gentleman from Ohio would not object to it.

Mr. TRUAX. Will the gentleman yield?

Mr. POWERS. Certainly.

Mr. TRUAX. Did the Secretary of War recommend the payment of this claim?

Mr. POWERS. From the committee report he evidently did.

Mr. DUNN. Will the gentleman yield?

Mr. POWERS. I yield.

Mr. DUNN. To what extent was this man injured?

Mr. POWERS. He had one rib broken, injuries to his head, and a broken arm.

Mr. DUNN. Was he employed by the Government?

Mr. POWERS. No; he was a civilian, a highly respected citizen of my district.

Mr. DUNN. I do not see why he should not be given compensation.

Mr. POWERS. The original claim was for \$5,000, but it has been cut down to \$1,500. It does seem that this claim is just, fair, and reasonable.

Mr. DUNN. I think it is the duty of the Federal Government to pay such claims, especially if the man could not find work.

Mr. POWERS. And the employee of the Federal Government was absolutely responsible for the injury.

Mr. TRUAX. In the report of the Secretary of War he says that it appears that the negligence of the driver of the Government car was the proximate cause of Mr. Turner's injuries. I therefore withdraw my objection.

Mr. ZIONCHECK. I have an amendment, which I will offer later.

There being no further objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Robert Turner, of the city of Burlington, N.J., the sum of \$5,000 for bodily injuries sustained by him on Friday, October 28, 1921, when an automobile in which he was riding was in collision with an automobile of the United States Army, the said automobile being one of a fleet of motor cars traveling toward the city of Philadelphia in charge of Captain Hatfield, of Camp Holabird, Md.

With the following committee amendment:

Page 1, line 6, strike out "\$5,000" and insert "\$1,500."

The committee amendment was agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, line 7, after the word "for", strike out the word "bodily" and insert "all."

The amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

At the end of the bill insert the following: "*Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*"

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider the vote was laid on the table.

FREDERICK W. PETER

Mr. POWERS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 231, H.R. 1208, for the relief of Frederick W. Peter. This is what might be termed a companion bill to the bill just passed. I mean that the beneficiary, Mr. Peter, was a companion of Mr. Turner at the time the accident occurred. I would appreciate very much if the gentleman from Ohio [Mr. TRUAX] and those on that side and on my own side would register no objection to this.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I think the gentleman from Ohio [Mr. HOLLISTER] had some objection to this particular bill.

Mr. HOLLISTER. Mr. Speaker, as far as I can make out from the record, it seems that the injury to this man was not nearly as severe as was the injury to the other man and that there should be a cutting down of the amount because of that. I suggest that the amount be cut down from \$1,500 to \$1,000.

Mr. POWERS. That amendment is acceptable.

The SPEAKER pro tempore. Is there objection to the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frederick W. Peter, of the city of Burlington, N.J., the sum of \$5,000 for bodily injuries sustained by him on Friday, October 28, 1921, when an automobile in which he was riding was in collision with an automobile of the United States Army, the said automobile being one of a fleet of motor cars traveling toward the city of Philadelphia, in charge of Captain Hatfield, of Camp Holabird, Md.

With the following committee amendment:

Line 7, strike out "\$5,000" and insert "\$1,500."

Mr. HOLLISTER. Mr. Speaker, I move to amend the committee amendment by striking out "\$1,500" and insert in lieu thereof "\$1,000."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. HOLLISTER: Strike out "\$1,500" and insert in lieu thereof "\$1,000."

The amendment to the committee amendment was agreed to.

The SPEAKER pro tempore. The question is on agreeing to the committee amendment as amended.

The committee amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I move to strike out the word "bodily" in line 7 and insert in lieu thereof the word "all."

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Line 7, strike out "bodily" and insert "all."

The amendment was agreed to.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: Line 7, after the figures "\$1,000", insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. HOLLISTER. Also the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: At the end of the bill strike out the period, insert a colon and the following: "*Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*"

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

TO PAY SUBCONTRACTORS, LAS VEGAS, NEV.

Mr. SCRUGHAM. Mr. Speaker, I ask unanimous consent to return to the bill (H.R. 3900) authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., Calendar No. 242.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I have no objection to returning to the bill but do reserve the right to object to its consideration after returning to it.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nevada?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. SCRUGHAM. Mr. Speaker, this is a most unusual case. A contractor bid on the construction of a new post-office building at Las Vegas, Nev., was awarded the bid, and gave what appeared to be a good and sufficient bond. It was approved by the attorneys for the Government. Complaints were made later on to the Government that the contractor was not paying his material men and his laborers, and it was found that he was unable to proceed on account of lack of finances. His bondsmen denied that they had authorized the use of their names. There was no responsibility running to the contractor. These men are almost entirely poor men, largely laborers and small contractors. The amount involved in each case is comparatively small. This is recommended by the Treasury Department.

Mr. McFARLANE. Did they put this gentleman in the penitentiary, where he belonged?

Mr. SCRUGHAM. The case was tried in the State of Texas, and he was acquitted.

Mr. GRISWOLD. Mr. Speaker, in the Seventy-second Congress a bill was introduced and voted on on the floor of the House, known as the "Goss bill", which would have corrected all such defects as this. They exist in many instances where the Government actually sets a premium on the kind of contracts entered into here—it invites them. The Goss bill would have cured those defects. Congress saw fit to defeat the Goss bill, and in view of that fact I object to the bill.

Mr. ZIONCHECK. I imagine that if the gentleman from Nevada had been here he would have voted for the Goss bill.

Mr. SCRUGHAM. Certainly.

Mr. GRISWOLD. In view of the fact that Congress has taken that attitude, I think it would be poor policy to go back and grant something in favor of one particular case.

Mr. SCRUGHAM. Mr. Speaker, will the gentleman withhold his objection?

Mr. GRISWOLD. Yes.

Mr. SCRUGHAM. This case is that of the Plains Construction Co., of Pampa, Tex. That is a long distance from Las Vegas, but they made the lowest bid. The sufferers in this case are entirely innocent. They had faith in the Government.

They had faith in the fact that the contractor's bond had been approved by the Government attorneys. For that reason, I think an injustice to a number of poor people has been done, through no fault of their own. Their work went into this post office. Their material went into the post office. It was actually used. When the new contract was let they took it up where the other contractor left off. The laborers and the small-material men received absolutely nothing. The work was done on the post office and the materials went into the post office. The Treasury Department has recommended the payment of these sums.

Mr. DUNN. Will the gentleman yield?

Mr. SCRUGHAM. I yield.

Mr. DUNN. Did those laborers receive any compensation at all for the services rendered?

Mr. SCRUGHAM. None whatever.

Mr. GRISWOLD. The Post Office Department may have recommended this, but they recommended against the passage of the Goss bill that would have prevented such things as this, and therefore I must object.

NOANK SHIPYARD, INC.

The Clerk called the next bill, H.R. 2194, for the relief of the Noank Shipyard, Inc.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I will have no objection to the bill before us if there is an amendment allowed on line 7, striking out the provision "with interest at 4 percent per annum from March 1, 1928", and inserting in lieu thereof "in full settlement of all claims against the Government of the United States."

Mr. HANCOCK of New York. We have passed a great many bills today without allowing any interest, and I agree

with the gentleman that we should not start a new precedent. It is not customary for the Government to allow interest. I imagine we have passed 20 bills today without allowing interest, and I suggest we follow that uniform practice.

Mr. BLANTON. The President vetoed a bill the other day and sent it back because interest was allowed.

Mr. ZIONCHECK. And on a Liberty bond.

Mr. BLANTON. That was the only reason he vetoed it.

Mr. BAKEWELL. I offer no objection to the amendment. I will accept the amendment.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2324) will be considered.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to the Noank Shipyard, Inc., of Noank, Conn., the sum of \$1,700, with interest at 4 percent per annum from March 1, 1928, to complete the payment to the said Noank Shipyard, Inc., of a bill for repairs, which it completed under contract no. W-971-qm-247, dated January 7, 1928, of Quartermaster Department on Army mine planter *Brigadier General Absalom Baird*, which sum represents a penalty of \$100 per day for 17 days' alleged delay in delivery of said steamship *Baird* after completion of repairs, said delay being due to causes partly attributable to acts of Government agents and wholly beyond the control of the contractor.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: On line 7, after the figures, strike out the words "with interest at 4 percent per annum from March 1, 1928", and insert in lieu thereof "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. HANCOCK of New York. Mr. Speaker, I offer an amendment, to insert the usual attorney's fee amendment at the end of the bill.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of New York: At the end of line 5, on page 2, insert the following: "Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

Mr. BLACK. Mr. Speaker, I rise in support of the amendment.

In behalf of the committee, I should like to say the reason the usual attorney's fee amendment is not on some of these bills is because a great number of the bills are copies of old bills that have been heretofore reported by the House. It seems the Printing Office keeps the type on these old reports set up; and if we put on the attorney's fee amendment when we report the bill and insist on it going into the report, it means that the Government Printing Office would have to break down the type and set it up again. It saves a great deal of expense to the Government Printing Office. That is the reason you will not find the attorney's fee amendment on these old bills.

Mr. HANCOCK of New York. It is poor economy, because we follow the practice of adding them here in the House.

Mr. BLACK. But it does not require breaking down these old forms.

Mr. HANCOCK of New York. Do I understand it is the practice of the committee that on new bills to include the attorney's fee amendment?

Mr. BLACK. Yes; it is.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. HANCOCK].

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

CAPT. J. O. FARIA

The Clerk called the next bill, H.R. 2321, for the relief of Capt. J. O. Faria.

Mr. FOULKES. Mr. Speaker, I reserve a point of order and ask unanimous consent to speak for 5 minutes.

The SPEAKER pro tempore. The gentleman from Michigan asks unanimous consent to address the House for 5 minutes.

Mr. FISH. Reserving the right to object, on what subject?

Mr. FOULKES. I am going to talk on a subject that has attracted some attention lately; that is, the criticism that has been offered against certain members of the Department of Agriculture.

Mr. BLACK. Well, Mr. Speaker, I must object to that.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HANCOCK of New York. Reserving the right to object, I wish to ask the author of the bill if he can offer some good excuse for giving additional compensation to this gentleman, because in the report I see he accepted in full settlement \$1,200?

Mr. KLEBERG. Of course, my colleague understands that this bill is purely a bill for the purpose of giving a man who is bedridden, because of his accident, an opportunity to have his case reviewed. Of course, the Employees' Compensation Commission, at such time as the case comes up, will have full possession of all of the data and unquestionably the compensation which has been advanced to this man will be taken into consideration.

Mr. HANCOCK of New York. It will be offset against any award that may be made?

Mr. KLEBERG. Of course. I might suggest in further explanation, and I think my colleague is entitled to it, in this particular instance we have a case where apparently we have both justice and humanitarian interests behind it. This old deep-sea pilot has been in bed ever since this more or less insignificant accident.

He has a complete family of dependents to support. He has one daughter-in-law who is an interior decorator, but she has a baby 27 months old and has had nothing at all to do. This old fellow is lying there on his bed, but up to the time he was injured he had always done his part. He is a real old sea dog, one of the real kind of men you hear about. This old fellow is lying there helpless. All in the world he is asking is an opportunity to present his case to the Federal Employees Compensation Commission, that they may look into it and see if he is not entitled to assistance.

Mr. HOLLISTER. On the face of things this claimant has been settled with in full. I observe that the attorney who undertook to represent him in making this settlement was an employee of the Shipping Board, although this fact was not known to Captain Faria. I assume the claimant was not advised of this, but that he was humbugged and fooled into making this statement.

Mr. KLEBERG. I may say this, that the settlement was made by the old sea dog's wife. She was humbugged into making this statement on his behalf.

Mr. HOLLISTER. I am inclined to think that justice demands that we give this man his chance to present his case to the Compensation Commission; so, Mr. Speaker, I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is authorized and directed to extend to Capt. J. O. Faria, formerly employed by the United States Shipping Board as master of the steamship *Commack*, the provisions of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and afterward amended by an act of February 12, 1927, compensation hereunder to be based on an employee totally and permanently disabled and to commence from and after the passage of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Capt. J. O. Faria, on account of injuries sustained by him while employed by the United States Shipping Board as master of the steamship *Commack*, in the year 1925, in the same manner and to the same extent as if said Capt. J. O. Faria had made application for the benefits of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefits shall accrue prior to the approval of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER pro tempore (Mr. SABATH). Is there objection to the request of the gentleman from Michigan?

Mr. BLANTON. Mr. Speaker, reserving the right to object, and I shall not object, if our friend expects to defend the Rex Tugwells here in 5 minutes, he has got another guess coming; it will take him 3 weeks.

Mr. FOULKES. I assure the Speaker I shall take but 5 minutes.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. BLANTON. Regardless of whether his remarks will suit us or not, the gentleman should be allowed to speak for 5 minutes.

C. K. MORRIS

The Clerk called the next bill, H.R. 2322, for the relief of C. K. Morris.

Mr. HOLLISTER. Mr. Speaker, reserving the right to object, does the gentleman from Texas wish to make any explanation? I am frank to say that on the face of things I can see no reason why this bill should be passed, but I shall be pleased to reserve my objection to permit the gentleman to make an explanation of the bill.

Mr. KLEBERG. Mr. Speaker, I should like to make this explanation; and, after a reexamination of the facts involved in this case, I personally request that the amount be cut from \$1,000 to \$600. I do this because the actual facts show that the combination of personal injury and damage to the automobile involved in this case would be more than covered by the \$1,000 asked for by the bill. For this reason I am asking a reduction of \$400.

In addition, may I say to the gentleman from New York that three elements were involved in this accident: First, a one-eyed man; second, the city had this street in a torn-up condition; and, third, the operator of the Government truck, as well as the injured party, was forced out of the existing channel of traffic on the street.

As a matter of fact, the surrounding circumstances show that if there were real fault involved, the fault was on the part of the driver of the Government vehicle in not coming to a stop and permitting to pass this other vehicle driven by Mr. Morris, which had the right-of-way.

As I said at the outset, the facts and circumstances show that the amount should be changed from \$1,000 to \$600, the latter figure representing the actual damage. I do not want anything more for this claimant than that to which he is entitled.

Mr. HOLLISTER. The gentleman deserves commendation for his willingness to reduce the figure.

Mr. KLEBERG. I make the suggestion myself.

Mr. HOLLISTER. The thing which worries me particularly with respect to this bill is not so much the question of contributory negligence, which does appear to some extent, but the question of whether the Government employee at the time of the accident was acting within the scope of his employment. Unless the gentleman from Texas can show me that the Government employee was acting within the scope of his employment at the time this accident occurred I shall feel constrained to object.

Mr. KLEBERG. May I ask the gentleman whether this Government employee was driving Government equipment? Mr. HOLLISTER. He was.

Mr. KLEBERG. When Government equipment goes out on a public highway, is not the Government charged with responsibility for the conduct of those operating it?

Mr. HOLLISTER. I should doubt the application of that doctrine in all circumstances.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. KLEBERG. Certainly.

Mr. BLANCHARD. If someone stole the gentleman's car, the gentleman would not be charged with the responsibility of an accident.

Mr. KLEBERG. This was not a case of theft. My colleague must admit that.

Mr. BLANCHARD. But if he took a Government truck without authority—was not that what happened?

Mr. KLEBERG. No; not exactly. This man was returning with an empty truck during working hours. At the time he was not actually engaged on duty, but he was in reality engaged in making a part of a trip that involved a part of his duties when this accident occurred. If the gentleman will read the report, the gentleman will see this fact clearly set out.

Mr. HOLLISTER. I read the report very carefully. Apparently he was required to turn in his truck and he did not do so. In the meanwhile he got drunk and was out driving with a truck that had been turned over to him earlier in the day. I am afraid the gentleman cannot show me that this was within the scope of his employment.

Mr. KLEBERG. May I suggest that my contention that the Government is liable in this case is due to the fact that this agent, and I so consider him, when he is called on to turn in Government equipment, up to the time that he has fulfilled the duty of turning back the truck, is engaged on business of the Government. Whether or not he turned the truck back on time happened to be his own individual responsibility, but he was called upon to take the truck back and store it after returning from the last trip, and during this period he got drunk. Of course, the Government is not responsible for the fact that he got off the wagon and the truck too, as it were, but at the same time the truck was in his charge at the particular moment of the accident.

Mr. HOLLISTER. I may say to the gentleman I will have to object under the present showing. The bill may be passed over and can be taken up on the next Private Calendar day. In the meantime, the gentleman may submit cases to show that under circumstances of this kind there would be liability with respect to a private corporation, and if the gentleman can do so, I shall not object.

Mr. KLEBERG. May I say in conclusion, with reference to the Government's liability, that it was not possible, of course, for the man to be reimbursed by the particular department of which he complains, namely, the War Department. The gentleman would not expect the War Department to incriminate itself or to admit negligence.

Mr. HOLLISTER. My impression of most of these reports I get from the departments is that they are very fair in the conclusions they reach with reference to the liability or nonliability which would attach to the Government if it were a private corporation. Everything else being equal, I am disposed to follow these recommendations unless there is a showing that the recommendation is wrong. We have here the surveying officers' recommendations and a reviewing board upholding the surveying officers.

Mr. BLANTON. Mr. Speaker, while our friends are getting together on this proposition, we should have a few minutes' intermission. Our friend from Michigan [Mr. FOULKES] has something on his system that he wants to get rid of, and I ask unanimous consent that he be permitted to proceed for 5 minutes out of order and that we have permission to answer the gentleman for 5 minutes if his remarks need answering. In the meantime these gentlemen may adjust their differences. The gentleman from Michigan has used

only 2 minutes in speaking on this floor since he has been a Member of this House. By unanimous consent, the gentleman from New Jersey [Mr. EATON] was allowed to speak for 15 minutes today, and I think that it is only just that we give 5 minutes to our colleague from Michigan.

Mr. HANCOCK of New York. Mr. Speaker, I object. One speech always produces another.

Mr. BLANTON. Mr. Speaker, I insist on my request. We sit here and work hard on every Private Calendar, and we ought to have an intermission for 5 minutes once in a while, and the gentleman from Michigan is entitled to speak for 5 minutes.

Mr. MILLARD. Mr. Speaker, reserving the right to object, on what does the gentleman wish to speak? We have a Private Calendar day very seldom, and we should get through with this calendar.

Mr. BLANTON. His subject should be immaterial. He has the right to speak. We have been working very assiduously on the Private Calendar.

Mr. MILLARD. I know the gentleman has, and I am not criticizing him.

Mr. BLANTON. We are trying to have a few minutes' recess here to allow our friend 5 minutes. Every new Member of this House should be shown this consideration and given 5 minutes on this floor occasionally.

Mr. HOLLISTER. As I understand it, by consent on both sides there will be an adjournment in probably not more than an hour from now. I suggest that we continue the work on the Private Calendar, and when we have finished then the gentlemen who wish to speak by unanimous consent may be allowed to proceed.

Mr. BLANTON. The gentleman from Michigan [Mr. FOULKES] has used only 2 minutes in speaking from this floor since he has been a Member of this House, and he asks unanimous consent to now use 5 minutes. I believe in fair play to all Members—new and old ones alike.

Mr. HOLLISTER. Under the circumstances, I shall object.

Mr. BLANTON. Then, Mr. Speaker, I make the point of no quorum. We will take a 20-minute recess anyway, while the roll is being called.

Mr. HANCOCK of New York. That is hardly fair.

Mr. BLANTON. If the gentleman from Michigan [Mr. FOULKES], a new Member here, cannot have 5 minutes, when he has used only 2 minutes heretofore in all his service, then we will have a 20-minute recess, as it will take that long to call the roll.

Mr. HANCOCK of New York. There are a great many gentlemen sitting around here who are interested in the Private Calendar.

Mr. BLANTON. There are a few Members here who have private bills on this calendar, and they are so impatient to pass them that they cannot sit here and listen to their Michigan colleague make a 5-minute address. Under these circumstances their private bills may wait for 20 minutes.

Mr. HANCOCK of New York. Is it the understanding that this is to be a debate, with 5 minutes to be allowed the gentleman from Michigan and 5 minutes allowed the gentleman from Texas?

Mr. BLANTON. The gentleman from Michigan [Mr. FOULKES] wants only 5 minutes. I do not know what he will say. If his remarks should need answering, that would require 5 minutes, which would be 10 minutes at the most.

Mr. HANCOCK of New York. I am willing to concede 10 minutes.

Mr. BLANTON. Mr. Speaker, I renew my request.

Mr. HANCOCK of New York. But I shall object to any more requests for time.

Mr. BLANTON. We older Members get time whenever we want it. The new Members have the same rights we enjoy. I insist that our colleague from Michigan should be allowed 5 minutes to speak out of order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. CARPENTER of Nebraska. I object.

Mr. HANCOCK of New York. I would object to any more of these requests being made.

Mr. BLANTON. Mr. Speaker, I make a point of no quorum. No one will accomplish anything by denying 5 minutes to our colleague from Michigan. And I serve notice now that the gentleman will have to keep a quorum here all afternoon.

Mr. HOLLISTER. Mr. Speaker, I move the House do now adjourn.

Mr. CARPENTER of Nebraska. Mr. Speaker, I withdraw my objection.

Mr. BLANTON. Mr. Speaker, I withdraw my point of no quorum and renew my request that the gentleman from Michigan be allowed to address the House for 5 minutes. Inasmuch as he has used only 2 minutes since he has been a Member, he should have 5 minutes to address the House.

Mr. HOLLISTER. Mr. Speaker, I see no reason in the world why the House should be held up in this way. If the gentleman from Texas is willing to delay the House for three quarters of an hour, I see no reason why I should wait for 10 minutes. I do not see why the gentleman will not wait an hour until we finish considering the Private Calendar.

Mr. BLANTON. My request is to accommodate one of our new colleagues.

The SPEAKER pro tempore. Does the gentleman withdraw the motion to adjourn?

Mr. HOLLISTER. I do not withdraw the motion.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio [Mr. HOLLISTER] that the House do now adjourn.

Mr. ROBERTSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. SABATH). The gentleman will state it.

Mr. ROBERTSON. Did the gentleman from Texas [Mr. BLANTON] withdraw his point of no quorum?

Mr. BLANTON. I did.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio that the House do now adjourn.

Mr. BLACK. Mr. Speaker, I understand the point of no quorum has been withdrawn.

Mr. HOLLISTER. Mr. Speaker, if the gentleman from Texas will withdraw his request, I will withdraw my motion.

Mr. BLANTON. Mr. Speaker, I renew my request that the gentleman from Michigan [Mr. FOULKES] be permitted to proceed for 5 minutes and that I may have 5 minutes to answer the gentleman.

The SPEAKER pro tempore. Does the gentleman from Ohio [Mr. HOLLISTER] withdraw his motion to adjourn?

Mr. HOLLISTER. I do not withdraw the motion, Mr. Speaker.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Ohio that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. HOLLISTER) there were—ayes 16, noes 47.

So the motion to adjourn was rejected.

Mr. BLANTON. Mr. Speaker, I renew my unanimous-consent request.

Mr. BLANCHARD. I object, Mr. Speaker.

Mr. BLANTON. Mr. Speaker, I make the point of no quorum.

The SPEAKER pro tempore. Evidently, there is not a quorum present.

Mr. BLACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 118]

Abernethy	Auf der Heide	Beedy	Bolleau
Adair	Bankhead	Beiter	Boland
Allen	Beam	Biermann	Bolton
Allgood	Beck	Boehne	Brennan

Brooks	Disney	Kennedy, N.Y.	Reid, Ill.
Brown, Ky.	Doughton	Kerr	Richardson
Brown, Mich.	Doutrich	Knutson	Robinson, Utah
Brumm	Doxey	Kocialkowski	Rogers, N.H.
Buchanan	Duncan	Kopplemann	Romjue
Buck	Eagle	Kramer	Sadowski
Buckbee	Edmiston	Kurtz	Schuetz
Bulwinkle	Ellenbogen	Kvale	Sears
Burch	Evans	Lambeth	Shoemaker
Busby	Faddis	Larrabee	Simpson
Byrns	Fitzgibbons	Lee, Mo.	Sisson
Cady	Foss	Lehlbach	Smith, W. Va.
Cannon, Wis.	Gambrill	Lehr	Snell
Carley	Gasque	Lesinski	Stalker
Cary	Gifford	Lewis, Md.	Sullivan
Caviechia	Gillespie	Lindsay	Taylor, S.C.
Celler	Goldsborough	McClintic	Taylor, Tenn.
Chavez	Goss, Conn.	McKeown	Terry, Ark.
Christianson	Granfield	Mariand	Thompson, Ill.
Church	Gray	Martin, Mass.	Thompson, Tex.
Claborn	Green	Montague	Tobey
Clark, N.C.	Greenwood	Muldowney	Umstead
Cochran, Mo.	Haines	Musselwhite	Underwood
Cochran, Pa.	Hancock, N.C.	Nesbit	Utterback
Collins, Miss.	Harlan	Norton	Vinson, Ga.
Cox	Hart	O'Brien	Waldron
Crosby	Harter	O'Connell	Wallgren
Crowther	Hess	O'Connor	Warren
Crum	Higgins	Oliver, Ala.	Weaver
Culkin	Hoepfel	Palmisano	Weideman
Darrow	Imhoff	Parks	Whitley
Delaney	James	Peavey	Wigglesworth
De Priest	Jeffers	Peterson	Withrow
Dickinson	Jenckes	Plumley	Woodruff, Mich.
Dingell	Kelly, Ill.	Randolph	

Mr. HILL of Alabama. Mr. Speaker, the gentleman from New Hampshire, Mr. ROGERS, the gentleman from Michigan, Mr. JAMES, the gentleman from Vermont, Mr. PLUMLEY, the gentleman from Connecticut, Mr. Goss, the gentleman from Minnesota, Mr. KVALE, and the gentleman from Ohio, Mr. HARTER, are absent from this roll call on account of being in the special committee of the House on the investigation of the purchase of aircraft and other War Department matériel.

The SPEAKER pro tempore. Two hundred and seventy-five Members have answered to their names; a quorum is present.

On motion of Mr. BLACK, further proceedings under the call were dispensed with.

THE MISSION OF ODDFELLOWSHIP

Mr. COLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including an address delivered by my colleague the gentleman from Oklahoma [Mr. CARTWRIGHT].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. COLE. Mr. Speaker, under leave to extend my remarks in the RECORD I include therein an address delivered at the Grand Encampment of the I.O.O.F. of Maryland, on March 20, by Congressman WILBURN CARTWRIGHT. I think it appropriate to state that Congressman CARTWRIGHT is at this time Grand-Master-elect of the I.O.O.F. of the State of Oklahoma. Congressman CARTWRIGHT's membership in the order of Odd Fellows covers a period of 21 years, he having been initiated by Tupelo Lodge No. 333 on April 26, 1913, and later became a member of McAlester Lodge No. 388. His work in the interest of Odd Fellowship merits the enviable position he holds in the order today. Simultaneous with the progress he is making in the I.O.O.F. he has been progressing likewise as a Member of this House, being a member of numerous committees. He was recently elevated to the chairmanship of the very important Committee on Roads, in which capacity he now serves.

The address Mr. CARTWRIGHT delivered in Baltimore on March 20 is as follows:

My friends, I always feel when I am in a gathering of Odd Fellows that I am mingling with men and women who have an adequate conception of the duties and responsibilities of life; those who realize that in this day and generation it is not sufficient for a man merely to so live and act that he may escape the doors of the penitentiary; and at each succeeding eventide congratulate himself that on that day at least society through the law laid no heavy hand upon his shoulder and banished him for

his misdeeds from its presence. Rather, that I am in the presence of those who know and realize that the welfare of every individual is closely wrapped up and identified with the welfare of every other individual with whom he associates; that no man, no matter how broad his shoulders and how undaunted his courage, can stem single-handed the adverse currents that beset him.

The other day in one of the smaller cities in the southern part of our State, one of those weary, disreputable-looking fellows who come into town along the railroad track and leave it by the same route—drifting upon the street of life without thought of anchor or hope of harbor, ragged, dirty, disreputable-looking, and hungry—walked up to the door of a house and rapped. Now, it chanced that in that house there lived a woman, a good woman, one of those, nevertheless, found even in Oklahoma, whose kindness is flaunted in the face of the unfortunate; who do good merely to be seen and known of men; who have no charity in their heart, no sympathy in their soul; who care nothing for the unfortunate and do nothing for them except as driven under the lash of public sentiment.

This woman opened the door, looked the poor fellow over from head to foot, heard his request for something to eat, and tried to freeze him with a look, and said, "Stand there, sir." She then went back into the pantry and in a minute returned with the hardest and driest piece of bread the house afforded. Just a great dry hunk, 2 weeks old, and she handed the poor fellow a chunk with these words, "Not for my sake, not for thy sake, but for the Lord's sake, do I give you this bread." Now, it happened that the poor unfortunate was one of those fellows who—well educated, intelligent, but for some reason, lacking stability, common sense, or other essential—was wholly unable to successfully fight the battle of life. Without moving he reached out his hand, took the bread, straightened up, and in the same tone of voice replied, "Madam, not for my sake, nor for thy sake, but for the Lord's sake, put some butter on that bread."

And I am quite certain that when I am mingling with Odd Fellows and their families and associates I am associating with those who are in a sense the butter upon the bread of humanity—those who are doing their part to alleviate the conditions of those with whom they come in contact; whose endeavor it is to make the world a better and brighter place in which to live.

We are assembled here under the banner of a great fraternity; an organization that has withstood the waves that have beat upon it for more than a century; and it has withstood all tests. Odd Fellowship teaches loyalty to God and service to our fellow man, and the wonderful strides which our fraternity has made during the 114 years of its existence is based upon its broad principles of the Fatherhood of God and the brotherhood of man.

Throughout the world, whenever Odd Fellowship has gained a foothold, our members are imbued with the same principle of helpfulness and service which has made it play a leading part in the history of the affairs of the world, and it has become one of the greatest forces for the uplift and betterment of mankind.

Our fraternity has been tested for more than a century under the most trying circumstances, and the tenacity of its structure has withstood all tests. During the great Civil War, when family ties were broken, social bonds destroyed, and when one State was arrayed against another, Odd Fellowship knew no division; and when that fratricidal strife was over, the brethren of the South came back into the councils of the order and united with the brethren of the North—went forward hand in hand to complete the unfinished work which they had laid down before the great struggle. No greater tribute to our teachings or example of our principles has ever been known in all the world's history.

Our order seeks to elevate human character. Every brother who enters our portals pledges himself to reflect in his daily life the very essence of good citizenship and the embodiment of all that makes for his own happiness and the happiness of those about him. He who lives up to the teachings of Odd Fellowship to its full meaning will spread rays of sunshine over the earth, and his deeds will live as hallowed memories long after he has crossed the "silent river."

The work of our fraternity extends far beyond the confines of any community or any city. There are located in the Odd Fellow home of this State, as the wards of this great fraternity, brothers and sisters of our order who have in their day shouldered each other's burdens, but now because of sickness or adversity they are no longer able to bear up under the load. They are tonight, through your generosity, able to find repose and care and rest beneath the sheltering roofs of the homes of our order, safe from worldly dangers, where they can pass the closing years of their life in contentment and peace.

How essential that, as the days of usefulness and helpfulness come to us all, we do our part in life's work, not depending upon what we believe is ours, but remembering that we are our brother's keeper in all that pertains to this life; doing and practicing those immortal virtues which contribute so largely toward smoothing the troubles and softening the asperities of life.

We believe that Odd Fellowship is destined by an all-wise and all-powerful God to have no small part in breaking down the selfishness of the world and bringing man to a realization that all men are brothers.

It is an historic fact that wherever calamities have befallen our country Odd Fellowship has been among the first to render aid in relieving suffering and distress.

At the time of the Galveston flood; at the time of the San Francisco earthquake; when Florida was devastated and hundreds

of homes wrecked by the storm; when the great Father of Waters arose to such enormous heights that he swept all before him—in all these great calamities, and true to our traditions, Odd Fellowship responded to the call of humanity.

Retrospect of the past history of American Odd Fellowship shows that our labors have not been in vain and that Odd Fellowship is entitled to live and spread its beneficent influence over the earth. And yet has the fraternity reached the zenith of its spreading the doctrine of love and power? Or is it to go on and on spreading the doctrines of love and brotherhood and making itself a vital force in the community?

In this, what we might call the vital crisis of our Nation, when our country's heritage as a law-abiding land is being belittled and even thrust aside under the trend of the times, what is going to be the position of our fraternity? Never in the history of our Nation have we been beset with a greater or more complex problem than this growing lawlessness that is sweeping from one end of the country to the other. The problem is appalling, and it will require the cooperation of our millions lest, through lawlessness, the Nation gradually disintegrate and decay. In which side of the scales will the weight of 2,500,000 Odd Fellows and Rebekahs be thrown?

This growing lack of respect for the laws of the country and for home and family may bring about a reign of chaos which will permeate the entire country and even undermine the very foundations of the Republic.

Whatever may be our personal feelings upon the great problem of the day, whatever may be our ideas upon the propriety of any particular law or the enforcement thereof, as Odd Fellows, constituting one fiftieth of the entire population of the United States, there can be but one pathway for us to follow, and that is an observance of the laws by ourselves and a discouragement of the violation on the part of others.

Our duty is plain, the pathway is clear, and, as Odd Fellows, representing the best spirit of American manhood and womanhood, we cannot afford to waiver.

Duty, our obligations, our heritage of over a century—all are forcing us irresistibly along the pathway of absolute support of the supreme law of the land. God helping us, we can do no other.

Odd Fellowship undoubtedly faces the most challenging test in its history. It is of vital importance that we seriously consider the contribution that every member may make for "the good of the order." Never were the demands for constructive effort and intelligent devotion as great as today. Never before was it as incumbent upon every member to restate loyalty and exemplify fraternal obligation by consistent life and unimpeachable character. But these must now be reinforced by a growing consciousness of the responsibilities that Odd Fellowship faces in the world of today, where, if ever the problems are to be solved and a way of deliverance discovered, it must be by the application of these undying principles of friendship, love, and truth, not interpreted in any exclusive sense but in the most comprehensive meaning of these euphonious terms, so that they may "be not unmeaning words upon our lips but the sentiment of our hearts and the practice of our lives." Friendship, interpreted in the realm of world relationship; love as the spirit that must cast our fear and eradicate the prejudices and antipathies of race and clan and resuscitate the devitalized institutions that substitute the form for the spirit and power of neighborliness and religion; truth, that cardinal virtue which is the rock foundation upon which we must rebuild the world.

Odd Fellowship is a character-building institution. Its chief mission is the education of the human race in the grand principles that tend to make men more social and humane. Let us refrain from trampling it in the dirt of mercenary considerations, by approaching its altars with any unworthy motive or selfish purpose. Equally important is it that we refrain from a perfunctory exercise of its impressive ritual and ceremony but rather invest these with all the fervor of a sincere and consistent life. Our membership falls into three groupings, illustrated by the men in the stone quarry. In answer to the question, "What are you doing here?" one replied, "Cutting stone." Another answered, "Earning \$4 a day." But a third responded, with a gleam of noble aspiration, "I am building a cathedral." Odd Fellows may reduce their activities to the merest routine and go through the motions with slight comprehension of their meaning. Others there are who allow the mercenary thoughts to deprive them of the joy of disinterested and unselfish service. But there are thousands of our membership who interpret Odd Fellowship in its dignified and immortal task of building—the erection of a noble structure, incorporating humanity as the temple of God.

Let us not weaken because of the difficulty of what appear as evil days. We are here to help transform apparent defeat into ultimate, lasting victory. With prophetic vision, we may see, not the desolate darkness of a hopeless night, but the gray dawn of a new day. Two travelers were camped in the Pyrenees. In the early dawn they were rudely awakened by terrific wind; trees being torn from their roots, and rocks hurtling down the mountain side. Their tent was blown down, and in the general havoc, one cried out in terror, "Surely this is the end of the world!" But his comrade, an experienced mountaineer, who had traveled that way before, said, "No, this is not the end of the world; this is how the day breaks in the Pyrenees!"

Odd Fellowship faces the testing experiences of the daybreak. The craven heart may resign himself to the worst, and fall out of the ranks in despair and defeat; but his courageous brother,

with vision, and in the spirit of endurance, will march forward with the mighty host, who, "according to His promise, look for a new heaven and a new earth, wherein dwelleth righteousness." Angela Morgan has nobly written:

"To be alive in such an age,
With every year a lightning page,
Turned in the world's great wonder-book,
Whereon the leading nations look!
Where men speak strong for brotherhood,
For peace and universal good.
To be alive in such an age!
To live in it! To give in it!
Rise, Soul, from thy despairing knees,
What if thy lips have drunk the lees?
The passion of a larger claim
Will put thy puny grief to shame.
Fling forth thy sorrow to the wind,
And link thy hope with humankind;
Breathe the world-thought, do the world-deed,
Think highly of thy brother's need.
Give thanks with all thy flaming heart,
Crave but to have in it a part—
Give thanks and clasp thy heritage—
To be alive in such an age!"

THE IMPENDING ISSUE

Mr. MILLARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech by the gentleman from New York [Mr. WADSWORTH], delivered last night over the radio from station WRC.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MILLARD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Through the courtesy of the Evening Star, of Washington, and through the facilities furnished by the National Broadcasting Co., I am afforded an opportunity to bring before this great radio audience a situation which, I am sure, warrants the thoughtful consideration of every citizen. The thing I have in mind, is, I believe, of such vast importance, so fundamental in character, so vital to the future life of the Nation, that I say to you quite frankly I approach its discussion with hesitancy as to my ability to portray it correctly. That this thing needs discussion, frank and open, must be my excuse for this venture.

For a little more than a year things have been happening here at Washington with bewildering rapidity. Since the advent of the new administration on March 4, 1933, at a time difficult and critical, the Congress, upon the recommendation of the President, has passed a large number of measures calculated and intended to overcome the depression from which the whole Nation has been suffering. During the extra session of the Congress last spring, and thus far during the regular session this winter, scarce a week has gone by without passage of some extraordinary measure. I think it is fair to say that the average citizen has found it exceedingly difficult to keep himself thoroughly informed concerning this rapidly piled-up legislative record. Indeed, I doubt if most of us Members of Congress have been able to keep pace with it. Practically all of these measures are important, many of them novel, and some of them revolutionary. Hungry for relief and willing to try almost anything, the country has accepted them and has given to them and to the administration a sympathetic and optimistic support. Generally speaking, captious criticism has been stilled. Those who have been doubtful as to the wisdom and efficacy of some of these measures have refrained from attacking them and have been hoping very earnestly that their doubts might vanish.

Seldom, if ever, has there been a more tolerant spirit abroad in America with respect to the efforts of a President and his administration. And this is as it should be, for no one will deny that the new administration was confronted with extraordinarily difficult problems when it took office on March 4 last and that it was entitled to a generous degree of support in its efforts to overcome these difficulties. That support has been sought, and in large measure gained, in a vast publicity program in the press, on the screen, and over the radio. Every effort has been put forth to rivet the attention of the public upon this great so-called "recovery program" and to assure the public that it was making rapid progress. I am sure you will agree with me that there has never been anything like it in the way of organized propaganda. We have been enduring it, first, because we have been longing for recovery, we have been anxious for the President to succeed, and have been more than willing to join in support of his efforts. And, second, we have endured it because we have been looking upon all these extraordinary measures as being merely temporary—set up to meet the emergency and to be abandoned the instant the emergency has passed. Nearly all of us, having this thought in mind, have been willing to submit in large measure to the extraordinary restrictions imposed upon us by this program, confident that the day would soon come, with the passage of the emergency, when we would be left free once more to order our lives and pursue our happiness as of old.

I do not intend upon this occasion to discuss with you the efficiency of the several measures which, in the aggregate, represent

the recovery program. I shall not discuss their merits as emergency measures. I shall not attempt to measure the progress the country has made since their enactment. There is grave division of opinion about them, but I doubt if any person can reach an absolutely accurate conclusion. What I want to bring to your attention is not the present condition of the country, not its immediate prospects with respect to this depression, but, rather, its future. I make bold to talk about the future because in recent weeks it has become perfectly apparent that these emergency measures are not intended to be merely temporary. Through the utterances of the President and of many of his closest advisers we now know absolutely that it is the intention of the sponsors of these measures to make them a vital element in the permanent policy of the United States, emergency or no emergency. In his message at the opening of the Congress last January the President made this reasonably clear. His more recent utterances and those of his lieutenants leave no doubt whatsoever. The issue involved stands before us in definite outline. Shall these emergency measures be continued indefinitely upon the statute books? Shall the philosophy which underlies them become permanent in the political philosophy of the United States? We cannot ignore or avoid this question. It stands squarely in our path. We shall have to answer it. To illustrate better what I mean, let me remind you that the more important of these emergency measures expire by their own limitations in June of 1935, a little over 1 year from now. I have in mind especially the National Industrial Recovery Act and the Agricultural Adjustment Act, those two measures which, taken together, represent the new philosophy of government which it is sought to impose upon us and our children.

It is to be assumed that as the month of June in the year 1935 approaches the administration will exert its power to the utmost in an effort to persuade Congress to reenact upon a permanent basis the general principles of N.R.A. and of A.A.A., together with such other measures as may fit into the general scheme. I anticipate that every Member of that Congress will have to face the issue during the winter and spring of 1935. Indeed, unless I am very much mistaken, we shall all have to face it in the congressional campaign of next autumn. Now, what is the nature of the issue itself? There is nothing very complicated about it, certainly nothing mysterious. We can be specific in our analysis of it. For a little over 140 years the American Nation has maintained, without substantial change, a certain form of government. Its form and its functions are outlined in the Constitution of the United States. And, what is more important, some of the very vital relations of the citizen to his Government are expressed in the Constitution, notably in the Bill of Rights. Jealous of our privileges as free men, we have delegated to the National Government certain carefully specified powers, and, at the same time, we have reserved to the States, and to ourselves, the people, all those powers which are not specifically delegated to the Federal Government. It is this reservation in favor of the people that spells liberty of the traditional American kind. It is this reservation which guarantees to us local self-government and the right of the States to order their domestic affairs through the exercise of their police powers. It is in the localities, the towns, the villages, the cities, the counties, and the States that our people practice self-government, and thereby maintain their ability unapproached to carry on a representative democracy. Let us never forget that our opportunities and abilities to govern ourselves are not conferred upon us by the Federal Government in Washington.

We possess these abilities and enjoy these opportunities as a result of that reservation of power in favor of the people which is found in the tenth amendment of the Constitution. The success of our experiment has been extraordinary. We have grown and thrived. Generally speaking, our Federal Government has performed efficiently those functions which are clearly national in character, and the people of the States and smaller communities have performed their functions in local government likewise. And it is in the performance of the latter, especially, that there has been kept alive amongst the people the spirit of liberty. I have said we have lived for more than 140 years in this Federal Union of States. I wonder how many of you realize that the Government of the United States is today the oldest government upon the face of the earth. By that I mean that it has existed longer, without substantial change in form, than the present-day government of any other nation. Let us glance at the list for a moment. Since Washington was inaugurated in the year 1789, the French nation has experienced three republican governments, with variations, and two imperial governments. The Spanish nation has seen several changes in its government, resulting recently in the overthrow of their monarchy and the establishment of a republic. The German nation, welded together by Bismarck as late as 1870 has but recently expelled the Hohenzollerns, tried a republic, and is now trying Hitler. The Italian nation, welded together about 1850 by Cavour, finally set up a constitutional monarchy 60 years after Washington took office, and today we see Mussolini the dictator of that ancient kingdom. What was formerly the Austro-Hungarian Empire is now divided into three or more nations, and the Hapsburgs are gone. From Russia the Romanoffs have disappeared and we see the communistic soviets in their place. Commander Perry, of the United States Navy, reached the shores of Japan in 1850 and found the Shogunate. Shortly after that the Japanese established a responsible parliamentary form of government. China, which had for centuries lived under an imperial government, has in recent years expelled the Manchu dynasty and is now struggling to establish a republic. And even in Great Britain, from whom we have inherited so many of our concepts of liberty, we find as late as 1911 the House

of Lords deprived of its equal legislative power with the House of Commons and relegated to a secondary position—a distinct and substantial change in the British parliamentary structure.

While all these changes have been going on in practically all the nations of the earth during this 140-year period, the Government of the United States has stood alone, unchallenged, substantial, secure. I mention this historical fact to answer in part the suggestion that we hear so often these days that the old American system has outlived its usefulness, that it has failed, and that something new must be erected upon its ruins. Let me say to you that a government that has weathered storms as severe as those of the Civil War must have been founded upon human truths, and, that being so, it should not be discarded in haste. And yet it is now proposed to do that very thing. When it is done the whole picture of American life will be transformed into something never dreamed of by any respectable number of people prior to 1933. Instead of a Federal union of States we shall have, in effect, an imperial government centered here at Washington, with its tentacles reaching out into the smallest community and creeping into the very homes of the people. To all intents and purposes the States will be reduced to provinces, for the powers which they now enjoy in regulating their home affairs and, within reason, the daily conduct of their citizens, will have been taken over by the new national government. This transformation is to be achieved in order that the people may be regimented and made obedient to whatever economic plan is deemed to be good for them by the Washington bureaucracy. We may anticipate a series of 4-year plans under such a system, each one corresponding to a presidential term with its consequent change in the bureaucracy. Russia furnishes something of an analogy in this respect, for we learn that the soviets are now embarked upon their second 5-year plan. Remember when we speak of economic planning we really mean that the Government is going to do the planning for us in the last analysis. We can get a pretty clear idea of some of the details of this thing by observing the regulations now being imposed upon industry and agriculture under N.R.A. and A.A.A. Many of you have seen them in operation.

An industry is told that it must not produce more than a certain quantity of goods, and that quantity is divided, presumably, amongst the members of the industry in proportion to what is regarded as their normal capacity. Then every person in the industry is put upon a quota system and told, moreover, that he must not charge less than a certain amount for the goods which he produces. Furthermore, in many instances he is told that he must not add a new machine in his factory, lest the amount of his production be increased or its unit cost decreased. If he disobeys the code, he finds that the code has the force of law, and that he may be haled into a Federal court and punished for daring to produce more or charge less than the Government permits. This system is being rapidly extended over the whole industrial and business field. It has reached down to toll bridges, clothes-dressing establishments, barber shops, beauty shops, and the undertaking business, all of them enclosed in the straitjacket devised for them by superior authority. The same thing is true under A.A.A. as it affects agriculture. The farmer is urged to plant a smaller acreage of a certain crop. He is told that if he signs a contract to reduce his acreage in that crop he will be paid a bonus on the remainder, or that his excess lands will be rented from him for cash. And he is not permitted to plant that excess acreage in any other crop which may be sold for cash. That land must lie idle. It is interesting to note how this thing proceeds. It starts with an appeal for voluntary cooperation. It moves along step by step. The first step is generally pretty short, but having been taken, it practically compels the taking of a second and longer step. The second step leads to the third, and so on to the end of the journey, at which we find the farmer subjected to outright compulsion at the hands of the Government, which threatens him with confiscatory taxation backed up by criminal prosecution if he should dare disobey.

As an example of this, I call your attention to the so-called "cotton control bill" which is just now passing the Congress, and which will be signed, undoubtedly, by the President; for the fact is the President has already recommended its passage in a letter to the Committee on Agriculture of the House of Representatives. That bill provides that the total number of bales of cotton which may be marketed in the United States in the 1934 crop year shall not exceed 10,000,000, as contrasted with something like 13,000,000 bales last year. The Secretary of Agriculture is to allot to each cotton-growing State its proportionate share of the 10,000,000 bales. Inside of each State, there is to be allotted to each county its proportionate number of bales, and inside of each county there is to be allotted to each cotton farmer the number of bales which he may produce and sell from his farm. The bill then goes on to provide that should any cotton farmer sell more bales than allowed to him under this quota system, he shall be taxed upon those excess bales an amount equal to 75 percent of the market value of cotton at the time—a confiscatory tax. Moreover, if he disobeys or attempts to evade the tax and sell his extra bales, he may be prosecuted criminally in the Federal courts. There is where we are going in the field of agriculture. The farmer is to be told how many acres he may plant and how many bushels he may sell. He may be left in possession of his land, but its management will pass to the bureaucracy. To put it briefly, the Government will decide how a man shall be permitted to earn his living, whether it be in a dry-cleaning establishment in Jacksonville or on a wheat farm in Kansas. You and I might not be disturbed about this thing if

we were absolutely certain that it was temporary. But that is not the case. It is proposed that this philosophy of governmental control and regimentation shall become a part of the permanent policy of the United States.

The President himself has said we will not go back. He has indicated that he intends to build a new system upon the ruins of the old, and we know from his utterances and those of his advisors publicly made, and with the greatest frankness, that they expect and intend to do this very thing. Mind you, I am not criticizing their motives or their sincerity. They are devoted to this philosophy of regimentation. They believe in it. They are convinced that the race would be happier if it proceeded en masse along the highway of life guided by the superior wisdom of government. And let me say this: Let us not place sole responsibility for these proposals upon the so-called "brain trust", whoever may be its members. Those men are here in Washington under appointment from the President. He keeps them here. He consults with them. They help draft the legislation which is sent to the Congress from time to time, intended to put these things into effect. They are members of his team. He is their captain and leader. It is the President's program. Surely, in view of the combination of events rapidly unfolding before our very eyes, there can be no doubt whatsoever that we are face to face with a tremendous issue. What is to be done about this program which seeks the abandonment of the American conception of liberty under a constitution, which challenges the tenth amendment by putting the Federal Government in the possession of complete authority over those matters which that amendment reserves to the States and the people; which spells the end of the Federal Union of States; which sets up a government, imperial in character, ruled by a huge bureaucracy, and controlling the daily lives of millions of people—tells them, in fact, how they shall earn their living? If this program is to become permanent, if this new philosophy is to prevail, then, indeed, our children will exist as subjects in a land where their forefathers have lived as masters. I cannot believe that the American people, having tasted liberty for a century and a half, will lightly surrender it.

C. K. MORRIS

Mr. HOLLISTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOLLISTER. What is the order of business?

The SPEAKER pro tempore. The gentleman from Ohio had the floor at the time the point of no quorum was made.

Mr. HOLLISTER. Mr. Speaker, I may say that when the point of no quorum was made I was discussing with the gentleman from Texas [Mr. KLEBERG] a bill to which I had reserved an objection. I wish to repeat to the gentleman from Texas that if he would care to have this bill passed over, to be taken up by unanimous consent as no. 3 at the next call of the Private Calendar, during which time he may secure more information with respect to the claim, I shall have no objection.

Mr. KLEBERG. Mr. Speaker, I ask unanimous consent that the bill be placed as no. 3 on the Private Calendar pending such time as additional evidence may be developed.

The SPEAKER pro tempore. Is there objection?

There was no objection.

HARRY L. HABERKORN

The Clerk called the next bill, H.R. 2337, for the relief of Harry L. Haberkorn.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, as I understand, this is a bill for the payment of the salary of a clerk of a Member-elect, who was not seated in the beginning of the Congress. There was an election contest, and as a result the Member who was out succeeded to the position, and this bill is for payment of clerk hire during the time the Congressman was not seated.

Mr. KLEBERG. That is correct.

Mr. ZIONCHECK. Does the gentleman know whether the other clerk was paid in full during this time?

Mr. KLEBERG. I do not know just what settlement was made with reference to the secretary of Mr. McCloskey, who was only seated by a certificate pending an election contest. I do know, however, that Congressman Wurzbach was seated as a result of the election contest and his compensation dated as of March 4, 1929, to March 4, 1930. I also know that the claimant under this bill, Mr. Haberkorn, had been secretary to Congressman Wurzbach for a good many years prior to the particular election in which the contest arose.

Mr. ZIONCHECK. Was he secretary, acting in the capacity of a Congressman?

Mr. KLEBERG. He was secretary to Congressman Wurzbach.

Mr. ZIONCHECK. In other words, Wurzbach was the Congressman, and then McCloskey ran against him, and then there was a question of whether or not McCloskey was elected?

Mr. KLEBERG. Yes; and, if I may continue, the constituency of the Fourteenth Congressional District, in large part, during the pendency of this contest, called upon this man Haberkorn, who never did anything other than act as secretary to Congressman Wurzbach. The gentleman, of course, will see by the report and the sworn statement of Mr. Haberkorn that he continued the work just as though there had never been any contest.

Mr. BLACK. There is another thing that should be mentioned about this case. The Wurzbach contest was a little unusual, because prior to the seating of the other gentleman a special committee of Congress investigated the election—not a regular elections committee—and it was quite evident after the first day of the hearing held by the special committee that ultimately Mr. Wurzbach would be seated, because there was enough uncovered in the way of fraud in the first 2 or 3 days of the hearing to show that the other man could never keep his seat, although he had the certificate of election. It was clear that Wurzbach would be called upon to act as Congressman and his clerk would be called upon to act as clerk.

Mr. ZIONCHECK. What period of time did this man serve for which he wants compensation?

Mr. KLEBERG. For March, April, May, June, July, August, September, October, November, December, January, and until February 9, 1930.

Mr. ZIONCHECK. Would he not be willing to accept \$200 a month for 12 months, making \$2,400?

Mr. KLEBERG. I think a fairer situation would be—because I happen to know, being the Congressman that represents that district—that the secretary who undertakes that job is entitled to at least \$250 a month.

Mr. ZIONCHECK. But there has been a duplication of payment.

Mr. KLEBERG. Not through the fault of this man. My colleague may force me to accept the reduction, but I know that this man has been one of the most faithful secretaries that a Congressman ever had. He delivered the goods. I would not want to ask him to accept a reduction for the sake of passing the bill.

Mr. ZIONCHECK. The reason the reduction is necessary is because there has been a duplication of payment. Would not the gentleman accept \$2,500?

Mr. KLEBERG. Would not the gentleman make it \$2,750?

Mr. ZIONCHECK. All right. I will agree to \$2,750.

Mr. KLEBERG. I will accept that.

Mr. BLANCHARD. Does the gentleman think it wise to accept legislation of this character?

Mr. KLEBERG. I do not know what angle the gentleman refers to, but it is not unusual to pass a bill of this character. As a matter of fact, I will say that there have been cases on record of this kind. There was the case resulting in the decision of Comptroller Warwick (27 Comp. Dec. 766).

Mr. BLANTON. Will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. BLANTON. My colleague from Texas is a Democrat?

Mr. KLEBERG. Yes.

Mr. BLANTON. And Mr. Wurzbach was a partisan Republican?

Mr. KLEBERG. Yes.

Mr. BLANTON. And Mr. Haberkorn is a partisan Republican, and my Democratic friend now is working very hard to remunerate a Republican secretary for a Republican Congressman. [Laughter.]

Mr. KLEBERG. Of course, Mr. Speaker, I have always held that meritorious effort deserves just reward.

Mr. BLANCHARD. I commend the gentleman from Texas for the attitude he has taken. There is a little doubt in the Warwick case, and this will clear up any doubt. I

believe that when we do establish this precedent, it is a proper one for cases of this character.

Mr. KLEBERG. I do not think there is any question about that.

Mr. BLANCHARD. I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Harry L. Haberkorn, San Antonio, Tex., the sum of \$3,445 for services actually performed as a clerk to Harry M. Wurzbach from March 4, 1929, to February 9, 1930, both dates inclusive, said Wurzbach having been declared by the House of Representatives duly elected as a Representative from the Fourteenth Congressional District of Texas in the Seventy-first Congress for the term commencing March 4, 1929.

With the following committee amendment:

Page 1, line 6, after the figures insert: "in full settlement of all claims against the Government of the United States", and on page 2, line 3, at the end of the line strike out the period, insert a colon and the following:

"Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The committee amendments were agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 6, strike out "\$3,445" and insert in lieu "\$2,750."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider laid on the table.

EMERSON C. SALISBURY

The Clerk called the next bill, H.R. 2414, for the relief of Emerson C. Salisbury.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Emerson C. Salisbury, of Leavenworth, Kans., out of any money in the Treasury not otherwise appropriated, the sum of \$1,500, as full compensation for damages to his property on December 11, 1931, when three Federal prisoners escaped from the United States penitentiary at Leavenworth, Kans., and barricaded themselves in the house which was bombarded by the posse seeking the escaped prisoners: *Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.*

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MRS. GEORGE LOGAN ET AL.

The Clerk called the next bill, H.R. 2416, for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. LAMBERTSON. Mr. Speaker, will the gentleman withhold his objection?

Mr. ZIONCHECK. Yes.

Mr. LAMBERTSON. Mr. Speaker, this is a meritorious case. This is a widow with two children, and she is not trained very well to help herself. Her husband died as a result of an injury incurred in aiding a companion guard. He was stabbed in a prison escape. If there ever was a meritorious case, I think this is. I have thought more of this than of any bill that I have introduced in the 5 years that I have been in Congress.

Mr. ZIONCHECK. There is a statement in the report that the application was filed before the United States Employees' Compensation Commission, but was rejected for the reason that the death occurred 6 years after the injury.

A 6-year period elapsed between the time of the injury and the time of death?

Mr. LAMBERTSON. Yes.

Mr. ZIONCHECK. Is there anything to prove that the injury caused the death?

Mr. LAMBERTSON. All the doctors so testified, and that is the finding of the subcommittee. The doctors' testimony is that death was the direct result of that stabbing. I saw this man and talked to him a little while before he died. I knew him casually. He said to me, as his dying statement, that there was no question but that his failing health was because of the stabbing, 6 years before, in going to the rescue of another guard.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice, with the right to call it up on the next call of the Private Calendar.

Mr. LAMBERTSON. Mr. Speaker, I hope the gentleman will withdraw his objection. This woman has two small children.

Mr. ZIONCHECK. If she had 16 children, that would not make any difference in the case.

Mr. LAMBERTSON. No; but the evidence supports the fact that the death was the result of the injury he received.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over to come up at the next call of the Private Calendar.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

RELIEF OF CERTAIN CLAIMANTS BECAUSE OF DAMAGE INFLICTED BY ESCAPING PRISONERS

The Clerk called the next bill, H.R. 2418, for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to settle and adjust the claim of Elizabeth Phillips, in the amount of \$55; Joseph M. Kressin, in the amount of \$63.80; Joseph Verlinde, in the amount of \$4.95, all arising through damages to personal property occasioned by the escape of seven prisoners from the United States penitentiary at Leavenworth, Kans., on December 11, 1931. There is hereby appropriated the sum of \$123.75, or so much thereof as may be necessary, for the payment of these claims.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ANNA H. JONES

The Clerk called the next bill, H.R. 2433, for the relief of Anna H. Jones.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. LUDLOW. Mr. Speaker, will the gentleman withhold his objection?

Mr. ZIONCHECK. Yes.

Mr. LUDLOW. I hope the gentleman will not press his objection. This is a meritorious case. The beneficiary is a very worthy old lady, living in my district, 66 years of age, ill, and in financial straits. This service man was an orphan from the time he was 7 years old.

Mr. ZIONCHECK. He was not related to the beneficiary?

Mr. LUDLOW. They were brother and sister. They were orphans, and she served in loco parentis. She was a mother

to this boy from the time he was 7 years of age until he entered the Marine Corps. She was very good to him. She brought him up. Her circumstances became adverse, and after he was in the Marine Corps she was the one dependent upon him. He contributed to her support. The only reason in the world why she has not been able to get this 6 months' gratuity is that the law at the time of his death was such that it required he should designate the beneficiary. He simply neglected to do that, although testimony shows he intended to provide for her always. If the law had been as it is now, there would not be any question about it; she would get the gratuity.

Mr. ZIONCHECK. Did he have any legal responsibility to support her?

Mr. LUDLOW. I do not know about the legal responsibility. The fact remains that she was in such condition that she had to have support. He supported her out of his income. The fact that he was supporting her establishes the legal responsibility. I think it is absolutely meritorious. I hope the gentleman will not press his objection.

Mr. ZIONCHECK. Mr. Speaker, I will withdraw my reservation of objection.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized, notwithstanding the provisions of the act of June 4, 1920 (41 Stat. 824; 34 U.S.C. 943), to settle, adjust, and certify the claim of Anna H. Jones as a person standing in loco parentis to the late Marine Gunner Walter G. Jones, United States Marine Corps, for the sum of \$1,110 as 6 months' death gratuity.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

Mr. BLANTON. Mr. Speaker, I desire again to prefer a unanimous-consent request. Our colleague, the gentleman from Michigan [Mr. FOULKES], since he has been a Member of this Congress has used only 2 minutes of time. He now wants to speak for 5 minutes. I do not know what the gentleman is going to speak about. I may not agree with one single word the gentleman says, but as a new Member of this Congress, this is his public forum. I hope my colleagues will let the gentleman speak for 5 minutes. We may all disagree with what he will say, but we have no right to censor what he is going to say. And he should have the right to speak. I ask unanimous consent, Mr. Speaker, that the gentleman from Michigan [Mr. FOULKES] may proceed for 5 minutes.

Mr. HANCOCK of New York. Mr. Speaker, I object.

Mr. BLANTON. Mr. Speaker, then I make a point of no quorum. We will use another 20 minutes calling the roll. We ought to keep a quorum here if we are going to deny to one of our colleagues the right to speak 5 minutes.

Mr. HANCOCK of New York. Mr. Speaker, I move that we adjourn.

The SPEAKER pro tempore. A motion to adjourn is always in order. The question is on the motion to adjourn. The motion was rejected.

Mr. MAPES. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The SPEAKER pro tempore. Does the gentleman from Texas insist on the point of order?

Mr. BLANTON. Yes; for I think we should allow the gentleman from Michigan to speak for 5 minutes.

Mr. HANCOCK of New York. Wait until we finish the Private Calendar.

Mr. BLANTON. No; I make the point of order that there is no quorum present.

Mr. HOLLISTER. If the gentleman wants to spend the whole afternoon calling the Members of the House back and forth, that is his responsibility.

Mr. BLANTON. I am fighting for equal rights to all Members here.

Mr. McFARLANE. Mr. Speaker, regular order.

Mr. HANCOCK of New York. Mr. Speaker, I see no reason why we should be bulldozed by the gentleman from Michigan.

The SPEAKER pro tempore. The gentleman from Texas makes the point of order that there is not a quorum present. The Chair will count.

Mr. BLANTON (interrupting the count). It is evident that we have no quorum, Mr. Speaker. We have an honest Speaker.

The SPEAKER pro tempore. Evidently there is not a quorum present.

Mr. BLANTON. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas [Mr. BLANTON].

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 22 and noes 24.

So the motion was rejected.

Mr. BLANTON. The House should either be called or should adjourn, Mr. Speaker, for we cannot proceed until we get a quorum.

The SPEAKER pro tempore. The vote was taken on a motion for a call of the House. The House refuses to order the call.

Mr. BLANTON. But the Chair had announced there was not a quorum present. It should force an automatic call of the House if we do not want to adjourn.

The SPEAKER pro tempore. An automatic roll call follows only where a quorum fails to vote on a question requiring a quorum. A motion for a call of the House does not require a quorum for its adoption, so an automatic roll call does not follow.

Mr. BLANTON. I make the point of order that there is no quorum. The Chair had stated that evidently there was no quorum present.

The SPEAKER pro tempore. The gentleman is correct.

Mr. BLANTON. The House must get a quorum before it can proceed.

The SPEAKER pro tempore. The gentleman is correct.

Mr. MAPES. I suggest the gentleman from Texas consult the Parliamentarian to find out what to do next.

Mr. BLANTON. The gentleman from Texas does not have to do that. The gentleman from Texas has been here long enough to know how to proceed on his own motion.

Mr. MAPES. I can tell the gentleman what to do.

Mr. BLANTON. But the gentleman from Texas does not want to adjourn. I am willing to rest on our oars as long as is the gentleman from Michigan.

The SPEAKER pro tempore. Of course, a motion to adjourn is always in order.

Mr. BLANTON. Mr. Speaker, there are but two alternatives: One is to adjourn, and I am not in favor of adjourning. Therefore, I do not make such a motion. The other alternative is that when the House finds itself without a quorum it must get a quorum before it can proceed. I make the point of order that if the House remain in session there must be a quorum present.

Mr. HOLLISTER. There is a third alternative, Mr. Speaker, and that is to give the gentleman from Texas his way.

Mr. BLANTON. I am fighting for the rights of a new Member. That is the paramount question just now. No Member here will gain anything by denying him his rights.

Mr. LAMBERTSON. Has the gentleman from Michigan asked the gentleman from Texas to do this?

Mr. BLANTON. Yes.

Mr. LAMBERTSON. The gentleman does not act like it.

Mr. BLANTON. The gentleman from Michigan has asked me to do it; and he is entitled to speak 5 minutes. If he had been granted this time, we could have considered and passed on over a dozen bills during this interim.

The SPEAKER pro tempore. There is nothing the House can do until a motion is made.

Mr. MEAD. Mr. Speaker, I have several important bills that will come up shortly, but unless we can agree I am willing that the House adjourn until such time as the House may be able to proceed in an orderly manner to take up these bills. Unless we can reach an agreement, I shall move that the House adjourn.

Perhaps the gentleman from Michigan will withdraw his request.

Mr. MAPES. Mr. Speaker, I make the point of order that the Chair having announced that a quorum was not present, no business can be transacted until a quorum is obtained.

The SPEAKER pro tempore. A motion to adjourn is always in order.

Mr. MAPES. Certainly; and that is the only motion that is in order at the present time.

Mr. MEAD. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion to adjourn.

Mr. MAPES. Mr. Speaker, I make the point of order that no business has been transacted since there was a vote on that motion.

The SPEAKER pro tempore. There was a vote on a motion for a call of the House, which is intervening business. The Chair overrules the point of order.

The motion to adjourn was rejected.

Mr. BLANTON. Mr. Speaker, I move a call of the House.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 43, noes 47.

Mr. BLANTON. Mr. Speaker, I demand tellers.

Mr. TARVER. Mr. Speaker, I object to the vote on the ground there is not a quorum present; and I submit that the vote is automatic. This is not a motion to adjourn.

The SPEAKER pro tempore. This motion does not require a quorum for its adoption.

Tellers were refused.

Mr. BLANTON. Mr. Speaker, we either must have a call of the House or else we must adjourn. I move that the House do now adjourn.

Mr. MAPES. Mr. Speaker, a point of order. My recollection is that in this situation a motion to adjourn must be supported by a majority of those present.

The SPEAKER pro tempore. Will the gentleman cite the precedent or the rule upon which he relies?

Mr. MAPES. I have not the rules before me; but my recollection is that after a motion to adjourn has been voted down other business must intervene before a motion to adjourn can again be submitted by the Chair, unless the motion is supported by a majority of those present.

The SPEAKER pro tempore. That is true when the House is proceeding under the automatic roll-call rule, but we are not proceeding under that rule.

The vote now is on the motion of the gentleman from Texas that the House do now adjourn.

The motion was rejected.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

Mr. BLANTON. Mr. Speaker, the House must have a quorum before it can proceed with any business. The House has found itself without a quorum, and it must have one before it can proceed.

The SPEAKER pro tempore. The gentleman is correct.

Mr. BLACK. Mr. Speaker, I move a call of the House. Let us do something on this Private Calendar and stop this nonsense.

The SPEAKER pro tempore. The question is on the motion of the gentleman from New York.

The question was taken, and a call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 119]

Abernethy	Boehne	Burch	Cochran, Mo.
Allen	Bolleau	Burke, Calif.	Cochran, Pa.
Allgood	Boland	Busby	Collins, Miss.
Andrews, N.Y.	Brennan	Byrns	Cox
Arnold	Britten	Caldwell	Crowe
Auf der Heide	Brooks	Cannon, Wis.	Crowther
Ayres, Kans.	Brown, Ky.	Carley, N.Y.	Crump
Bankhead	Brown, Mich.	Cavichia	Culkin
Beam	Brumm	Celler	Darrow
Beck	Buchanan	Chapman	De Priest
Biermann	Buck	Christianson	Dockweiler
Bland	Buckbee	Church	Doughton
Bloom	Bulwinkle	Clark, N.C.	Doutrich

Doxey	Healey	McDuffie	Smith, Va.
Duffey	Hess	McLeod	Smith, Wash.
Eagle	Higgins	Marland	Smith, W. Va.
Edmiston	Hill, Ala.	Martin, Mass.	Snell
Ellenbogen	Hill, Knute	Montague	Stalker
Evans	Hill, Samuel B.	Moynihan, Ill.	Stokes
Faddis	Hoeppel	Muldowney	Sullivan
Fitzgibbons	James	Nesbit	Sutphin
Flannagan	Jeffers	Norton	Sweeney
Foss	Jenckes, Ind.	O'Brien	Taylor, S. C.
Frear	Kelly, Ill.	O'Connor	Taylor, Tenn.
Fuller	Kennedy, Md.	Oliver, Ala.	Terrell, Tex.
Fulmer	Kennedy, N. Y.	Parks	Thompson, Ill.
Gambrill	Kerr	Peavey	Thompson, Tex.
Gasque	Kocialkowski	Perkins	Tobey
Gifford	Kopplemann	Peterson	Umstead
Gilchrist	Kramer	Plumley	Underwood
Gillespie	Kurtz	Polk	Utterback
Goss	Kvale	Prall	Waldron
Granfield	Lambeth	Randolph	Wallgren
Gray	Lamneck	Rayburn	Warren
Green	Lanham	Reid, Ill.	Weaver
Greenwood	Lanzetta	Richardson	Whitley
Hamilton	Larrabee	Robinson, Utah	Wigglesworth
Hancock, N. C.	Lee, Mo.	Rogers, N. H.	Wilcox
Harlan	Lehlbach	Schuetz	Wilson
Hart	Lewis, Md.	Sears	Withrow
Harter	Lindsay	Simpson	Woodrum
Hartley	Lozier	Sirovich	
Hastings	McClintic	Sisson	

The SPEAKER pro tempore. Two hundred and sixty Members have answered to their names. A quorum is present.

On motion of Mr. BLACK, further proceedings under the call were dispensed with.

ORDER OF BUSINESS

Mr. CULLEN. Mr. Speaker, it is apparent that the House is in no frame of mind to do business today. I am sorry, because there are a lot of bills on the Private Calendar which are of great interest to the Members who have introduced these bills, but if we are going to continue in this way I think the better thing to do is to adjourn, and I therefore move that the House do now adjourn.

Mr. McSWAIN. Will the gentleman withhold the motion?

Mr. CULLEN. I withhold it.

Mr. McSWAIN. Mr. Speaker, certain members of the Committee on Military Affairs, to wit, the gentleman from New Hampshire [Mr. ROGERS], the gentleman from Alabama [Mr. HILL], the gentleman from Michigan [Mr. JAMES], the gentleman from Ohio [Mr. HARTER], the gentleman from Connecticut [Mr. GOSS], the gentleman from Louisiana [Mr. MONTET], and the gentleman from Minnesota [Mr. KVALE] are detained attending hearings on important matters before that committee, and for this reason were not present at the roll call.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. BURCH (at the request of Mr. BLAND), on account of death in family.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on April 2, 1934, present to the President, for his approval, a bill of the House of the following title:

H. R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes.

Mr. BLACK. Mr. Speaker, the majority leader asked me to move, at the end of this afternoon's proceedings, for a recess until this evening on the Private Calendar. The gentleman from New York is now making a motion to adjourn and I wanted my position in the matter understood in the RECORD. It is apparent to me that the Committee on Claims can make no progress on these bills. We are not getting a good reception this afternoon.

Mr. MAPES. A point of order, Mr. Speaker.

Mr. BLACK. It is unfair to the committee and unfair to the Members.

ADJOURNMENT

Mr. CULLEN. Mr. Speaker, I renew my motion to adjourn.

The question was taken; and, a division being demanded, there were—ayes 74, noes 62.

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Mr. COOPER of Ohio. Mr. Speaker, I demand tellers.

The SPEAKER pro tempore. The question is on ordering tellers. All those in favor of ordering tellers will rise and stand until counted.

Mr. RICH. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. Evidently a sufficient number have risen.

Mr. RICH. Mr. Speaker, I demand the yeas and nays.

The SPEAKER pro tempore. Tellers have been ordered, and the Chair appoints as tellers the gentleman from New York [Mr. CULLEN] and the gentleman from Pennsylvania [Mr. RICH].

The House again divided, and the tellers reported that there were—ayes 75, noes 70.

So the motion to adjourn was agreed to.

Accordingly (at 3 o'clock and 48 minutes p.m.), in accordance with its previous order, the House adjourned until Wednesday, April 4, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

398. A letter from the Chairman and Secretary of the Reconstruction Finance Corporation, transmitting the Corporation's report covering its operations for the fourth quarter of 1933, and for the period from the organization of the Corporation on February 2, 1932, to December 31, 1933, inclusive (H.Doc. No. 297); to the Committee on Banking and Currency and ordered to be printed.

399. A letter from the assistant to the Secretary of Labor, transmitting a request for authority to dispose of an accumulation of miscellaneous material in the office of the Secretary of no further use in the transaction of official business; to the Committee on Disposition of Useless Executive Papers.

400. A letter from the Secretary of the Interior, transmitting a request for authority to destroy certain obsolete files of the war-time Railroad Administration; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ENGLEBRIGHT: Committee on Mines and Mining. H. R. 1503. A bill to amend the act entitled "An act to create the California Debris Commission and regulate hydraulic mining in the State of California", approved March 1, 1893, as amended; with amendment (Rept. No. 1133). Referred to the Committee of the Whole House on the state of the Union.

Mr. COFFIN: Committee on Military Affairs. H. R. 7982. A bill to establish a national military park at the battlefield of Monocacy, Md.; with amendment (Rept. No. 1134). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 2601. An act to amend section 31 of the Banking Act of 1933 with respect to stock ownership by directors of member banks of the Federal Reserve System; without amendment (Rept. No. 1135). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOM: Committee on Claims. H. R. 871. A bill for the relief of Fred C. Blenkner; with amendment (Rept. No. 1114). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 5059. A bill for the relief of Louis Alfano; with amendment (Rept. No. 1115). Referred to the Committee of the Whole House.

Mr. EICHER: Committee on Claims. H. R. 5288. A bill for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps; without amendment (Rept. No. 1116). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 5982. A bill for the relief of Ladislav Cizek; with amendment (Rept. No. 1117). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H.R. 6653. A bill for the relief of Frank Williams; with amendment (Rept. No. 1118). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6893. A bill for the relief of Art Metal Construction Co., with respect to the maintenance of suit against the United States for the recovery of any income or profits taxes paid to the United States for the calendar year 1918, in excess of the amount of taxes lawfully due for such period; without amendment (Rept. No. 1119). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. H.R. 7039. A bill for the relief of the Goldsmith Metal Lath Co., Price-Evans Foundry Corporation, and R. W. Felix; with amendment (Rept. No. 1120). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7824. A bill to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca; without amendment (Rept. No. 1121). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8380. A bill for the relief of Joseph Walter Gautier; without amendment (Rept. No. 1122). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8510. A bill for the relief of Julian C. Dorr; without amendment (Rept. No. 1123). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8870. A bill for the relief of Mrs. J. A. Joullian; with amendment (Rept. No. 1124). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 60. An act for the relief of Richard J. Rooney; with amendment (Rept. No. 1125). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 232. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of Elmer E. Miller; without amendment (Rept. No. 1126). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 336. An act for the relief of the Edward F. Gruver Co.; without amendment (Rept. No. 1127). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 365. An act for the relief of Archibald MacDonald; with amendment (Rept. No. 1128). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1232. An act for the relief of George Voeltz; without amendment (Rept. No. 1129). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. S. 2807. An act for the relief of the Germania Catering Co., Inc.; with amendment (Rept. No. 1130). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 6817. A bill for the relief of Andrew Amsbaugh; without amendment (Rept. No. 1131). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H.R. 1449. A bill for the relief of Robert D. Hutchinson; without amendment (Rept. No. 1132). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on World War Veterans' Legislation was discharged from the consideration of the bill (H.R. 5190) granting back pay to Auguste C. Loiseau, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mrs. GREENWAY: A bill (H.R. 8927) to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes; to the Committee on Indian Affairs.

By Mr. FORD: A bill (H.R. 8928) to further the utilization of electrical energy generated in connection with Federal projects; to the Committee on Banking and Currency.

By Mr. PATMAN: A bill (H.R. 8929) regulating the removal of cotton by the Commodity Credit Corporation; to the Committee on Agriculture.

By Mr. McCORMACK: A bill (H.R. 8930) to provide for the construction and operation of a vessel for use in research work with respect to ocean fisheries; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. ELLENBOGEN: A bill (H.R. 8931) making an additional appropriation of \$1,500,000,000 for the continuation of the Civil Works program, and for other purposes; to the Committee on Appropriations.

By Mr. BURKE of Nebraska: A bill (H.R. 8932) authorizing the purchase of additional land and the construction of an enclosure thereon at the radio station near Grand Island, Nebr.; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. EVANS: A bill (H.R. 8933) to amend an act approved August 13, 1894, entitled "An act for the protection of persons furnishing materials and labor for the construction of public works"; to the Committee on the Judiciary.

By Mr. MUSSELWHITE (by request): A bill (H.R. 8934) to reclassify terminal-railway post offices; to the Committee on the Post Office and Post Roads.

By Mrs. NORTON: A bill (H.R. 8935) to provide for the prevention of blindness in infants born in the District of Columbia; to the Committee on the District of Columbia.

By Mr. ROGERS of Oklahoma: A bill (H.R. 8936) providing for the distribution of funds awarded in judgment to the Creek Nation of Indians; to the Committee on Indian Affairs.

By Mr. DURGAN of Indiana: A bill (H.R. 8937) granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Wabash River at or near Delphi, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mrs. GREENWAY: A bill (H.R. 8938) to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto; to the Committee on Indian Affairs.

By Mr. PARSONS: A bill (H.R. 8951) authorizing the city of Shawneetown, Ill., to construct, maintain, and operate a toll bridge across the Ohio River at or near a point between Washington Avenue and Monroe Street in said city of Shawneetown and a point opposite thereto in the county of Union and State of Kentucky; to the Committee on Interstate and Foreign Commerce.

By Mr. SCRUGHAM: A bill (H.R. 8952) authorizing loans by Federal land banks to incorporated associations and corporations in certain cases, and for other purposes; to the Committee on Agriculture.

By Mr. WOOD of Georgia: A bill (H.R. 8953) to provide for the regulation of interstate transportation of passengers, mail, and property by aircraft within the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DeROUEN: A bill (H.R. 8954) to amend an act approved June 14, 1932 (47 Stat. 306) entitled "An act granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River"; to the Committee on the Public Lands.

By Mr. CELLER: Resolution (H.Res. 319) directing the Committee on Rules to make an investigation of the economic effect on Negro industrial workers of codes of fair competition formulated under title I of the National Industrial Recovery Act; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J. Res. 314) to provide for the temporary carriage of air mail

at a fixed pound-mile rate by carriers which held route certificates February 9, 1934, and for other purposes; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred, as follows:

By Mr. BERLIN: A bill (H.R. 8939) for the relief of Herbert L. Stafford; to the Committee on Naval Affairs.

By Mr. CONNERY: A bill (H.R. 8940) to recognize the high public service rendered by soldiers who volunteered and served in trench-fever experiments in the American Expeditionary Forces; to the Committee on Military Affairs.

By Mr. ELTSE of California: A bill (H.R. 8941) for the relief of Mrs. Macdermott Meggitt; to the Committee on Claims.

By Mr. GILLETTE: A bill (H.R. 8942) for the relief of the Odd Fellows Lodge, Alvord, Iowa; to the Committee on Claims.

By Mr. JONES: A bill (H.R. 8943) for the relief of Henry A. Shepard; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H.R. 8944) to confer jurisdiction upon the United States District Court for the Southern District of Texas, Corpus Christi Division, to determine the claim of Mrs. L. B. Gentry; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 8945) for the relief of T. W. Robbins; to the Committee on Naval Affairs.

Also, a bill (H.R. 8946) for the relief of Marie M. Leipheimer; to the Committee on War Claims.

Also, a bill (H.R. 8947) for the relief of Clifford F. Milkwick; to the Committee on Military Affairs.

By Mr. SHANNON: A bill (H.R. 8948) for the relief of Thomas J. Gould; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 8949) granting a pension to Elizabeth E. DeSilva; to the Committee on Invalid Pensions.

By Mr. WILLIAMS: A bill (H.R. 8950) for the relief of H. J. Walker; to the Committee on the Post Office and Post Roads.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3528. By Mr. ANDREW of Massachusetts: Resolutions adopted by House of Representatives of Massachusetts, favoring passage of legislation to permit employers in States having compulsory unemployment insurance to deduct from their United States income-tax payments a substantial portion of their contributions to the insurance fund; to the Committee on Ways and Means.

3529. By Mr. BLOOM: Petition of the New York Commandery of the Military Order of Foreign Wars of the United States, recommending that the amount provided in the military appropriation bill for the citizens' military training camps and the training of officers of the Reserve Corps for the years 1934-35 be increased by 25 percent; to the Committee on Military Affairs.

3530. Also, petition of the Cork Institute of America, New York City, opposing the Wagner bill (S. 2926) and the Connery bill (H.R. 8423); to the Committee on Labor.

3531. Also, petition of Metropolitan Builders Association, of New York City, opposing the passage of the Wagner-Connery labor bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3532. Also, petition of the Cork Institute of America, New York City, opposing the national securities exchange bills (S. 2693 and H.R. 8720); to the Committee on Interstate and Foreign Commerce.

3533. By Mr. DONDERO: Petition of the members of the National Federation of Post Office Clerks, Local No. 295, Detroit, Mich., urging the passage of the so-called "Sweeney bill", to abolish all furloughs; to the Committee on the Post Office and Post Roads.

3534. By Mr. FITZPATRICK: Petition signed by a number of residents of the city of Yonkers, N.Y., opposing the passage of the Fletcher-Rayburn bill affecting the stock exchange; to the Committee on Interstate and Foreign Commerce.

3535. Also, petition signed by a number of residents of Bronx County, New York City, N.Y., urging the enactment of the amendment offered to Senate bill 2910, section 301, submitted by Radio Station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3536. Also, petition of the common council of the city of Yonkers, N.Y., urging the elimination of that part of the economy act which permits the department heads to impose payless furlough days in the Postal Department; to the Committee on the Post Office and Post Roads.

3537. By Mr. FORD: Resolution of the California Association Retail Dry Goods and Specialty Stores, protesting against any decrease in the hours of labor as set forth in article V and/or any increase in the schedule of wages as set forth in article VI of the Code of Fair Competition for the Retail Trade as approved on October 21, 1933; to the Committee on Labor.

3538. Also, resolution of the Winter Capitol Lodge, No. 595, I.B.P.O.E.W., of New Orleans, La., urging the passage of the Costigan-Wagner Federal antilynching bill; to the Committee on the Judiciary.

3539. By Mr. GOODWIN: Petition of Military Order of Foreign Wars of the United States, New York Commandery, New York, N.Y., recommending that appropriations for citizens' military training camps and training Reserve Corps officers be increased by 25 percent for the years 1934-35; to the Committee on Military Affairs.

3540. By Mr. GOODWIN: Petition of Timothy J. Hoben and others, of Kingston, N.Y., and vicinity, employees of the New York Telephone Co., taking exception to paragraph 4, section 5, title I, of the labor disputes act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3541. Also, petition of the Catskill Chamber of Commerce, Catskill, Greene County, N.Y., approving the Whittington bill providing for an additional \$400,000,000 for highway work; to the Committee on Roads.

3542. Also, petition of the Senate of the State of New York, carrying a resolution urging the Congress of the United States to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Rules.

3543. Also, petition of J. E. Schoonmaker and others, of the vicinity of High Falls, N.Y., urging support of amendment to section 301 of Senate bill 2910 relating to license for radio communication or transmission of energy; to the Committee on Interstate and Foreign Commerce.

3544. By Mr. KENNEY: Petition of the mayor and council of the borough of Cresskill, county of Bergen, State of New Jersey, endorsing the passage of House bill 3082 introduced by Representative EDWARD A. KENNEY, of New Jersey, in the House of Representatives, to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to provide emergency financial facilities for the municipalities of the Nation; to the Committee on Banking and Currency.

3545. By Mr. KENNEDY of New York: Petition of the Xavier Alumni Sodality, of the city of New York, favoring and approving the proposed amendments to Senate bill 2910, as more particularly provided in section 301 (c) thereof, so that radio-broadcasting facilities shall be so apportioned by the proposed Federal Communications Commission that at least one fourth of all of such facilities within its jurisdiction, excepting those facilities issued to ships and to the use of the United States Government departments or agencies, shall be distributed or allotted to such responsible religious, educational, cultural, and other human welfare agencies of a non-profit-making type as will enable them to

reach the largest group of listeners who avail themselves of such radio-broadcasting facilities; to the Committee on Merchant Marine, Radio, and Fisheries.

3546. Also, memorial of the Legislature of the State of New York that the Congress of the United States enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on Accounts.

3547. By Mr. KRAMER: Resolution adopted by the Young Democratic Clubs of California on March 19, 1934, regarding the Dickstein bill regulating entrance into the United States of foreign actors unless of recognized merit and special talent; to the Committee on Immigration and Naturalization.

3548. Also, resolution adopted by the Associated Portrait Photographers of Southern California on March 14, 1934, for the benefit of all businesses and photographic industries in particular; to the Committee on Interstate and Foreign Commerce.

3549. By Mr. LINDSAY: Petition of Frank J. McCabe, New York City, opposing the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3550. Also, petition of the Vulcan Proofing Co., Brooklyn, N.Y., opposing the Wagner-Connery bills; to the Committee on Labor.

3551. Also, petition of the Association of Employees, Branch No. 14, Long Lines Department, American Telephone & Telegraph Co., New York City, protesting against the Wagner Labor Disputes Act in its present form; to the Committee on Labor.

3552. Also, telegram from the New York Press Association, J. W. Shaw, secretary, Elmira, N.Y., protesting against the Wagner-Lewis bill; to the Committee on Labor.

3553. Also, petition of the Western Conference Committee of the Standard Railroad Labor Organizations, San Francisco, Calif., favoring the passage of House bill 8100; to the Committee on Interstate and Foreign Commerce.

3554. Also, petition of Dr. Pedro N. Ortiz, New York City, protesting against the passage of the sugar bill in its present form; to the Committee on Agriculture.

3555. By Mr. MARTIN of Massachusetts: Memorial of the Massachusetts House of Representatives opposing the imposition of a furlough of 1 day each month for employees of the Postal Service; to the Committee on Appropriations.

3556. By Mr. MILLARD: Petition signed by members of Branch No. 14, Association of Employees, Long Lines Department, American Telephone & Telegraph Co., urging the defeat of the Wagner labor bill; to the Committee on Labor.

3557. Also, petition signed by representatives of both the Knights of Columbus and the Holy Name Society, of Suffern, N.Y., urging the passage of the amendment to the Radio Commission bill as proposed by the Reverend John Harney; to the Committee on Merchant Marine, Radio, and Fisheries.

3558. By Mr. RUDD: Petition of the Sterling Bag Co., Brooklyn, N.Y., favoring the passage of the Jones sugar bill (H.R. 8861); to the Committee on Agriculture.

3559. Also, petition of the Brooklyn Catholic Action Council, James J. Landers Jr., secretary, Brooklyn, N.Y., favoring the passage of the amendment submitted by the Reverend John B. Harney, C.S.P., to section 301 of Senate 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

3560. Also, petition of the New York Press Association, opposing the passage of the Wagner-Lewis unemployment bill; to the Committee on Labor.

3561. Also, petition of Branch No. 14, Association of Employees Long Lines Department, American Telephone & Telegraph Co., protesting against paragraph 4, section 5, title I, of the Wagner Labor Disputes Act; to the Committee on Labor.

3562. Also, petition of Dr. Pedro N. Ortiz, New York City, opposing the sugar bill and favoring reasonable fixed Puerto Rican quota amendment; to the Committee on Agriculture.

3563. Also, petition of Edward Strumpf, president Berrian Builders Supply Co., Inc., Brooklyn, N.Y., favoring the Steagall bill (H.R. 8403) with certain amendments to defi-

nately provide Government funds for new construction and repairs; to the Committee on Banking and Currency.

3564. By Mr. SNELL: Memorial of the Senate of New York State, relative to discrimination against Negroes in House restaurant; to the Committee on Accounts.

3565. By Mr. STRONG of Pennsylvania: Petition of the Southmont Mothers' Club, of Johnstown, Pa., favoring the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3566. Also, petition of citizens of Johnstown, Pa., opposing the Fletcher-Rayburn bill for the regulation of national-securities exchanges, in its present form, and urging a more equitable bill; to the Committee on Interstate and Foreign Commerce.

3568. By Mr. TREADWAY: Resolutions adopted by the House of Representatives, General Court of Massachusetts, protesting against the proposed furloughing of certain postal employees; to the Committee on Appropriations.

3569. By Mr. WIGGLESWORTH: Petition of the House of Representatives of the General Court of Massachusetts, memorializing Congress for legislation to promote the establishment of unemployment insurance or unemployment reserves in the several States by providing certain tax relief to employers in those States which have appropriate laws in this regard; to the Committee on Ways and Means.

SENATE

WEDNESDAY, APRIL 4, 1934

(Legislative day of Wednesday, Mar. 28, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 2324) for the relief of the Noank Shipyard, Inc., with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

- H.R. 916. An act for the relief of C. A. Dickson;
- H.R. 1158. An act for the relief of Annie I. Hissey;
- H.R. 1197. An act for the relief of Glenna F. Kelley;
- H.R. 1207. An act for the relief of Robert Turner;
- H.R. 1208. An act for the relief of Frederick W. Peter;
- H.R. 1209. An act for the relief of Nellie Reay;
- H.R. 1211. An act for the relief of R. Gilbertsen;
- H.R. 1212. An act for the relief of Marie Toenberg;
- H.R. 1362. An act for the relief of Edna B. Wylie;
- H.R. 1418. An act for the relief of W. C. Garber;
- H.R. 1943. An act for the relief of A. H. Powell;
- H.R. 2026. An act for the relief of George Jeffcoat;
- H.R. 2054. An act for the relief of John S. Cathcart;
- H.R. 2169. An act for the relief of Edward V. Bryant;
- H.R. 2321. An act for the relief of Capt. J. O. Faria;
- H.R. 2337. An act for the relief of Harry L. Haberkorn;
- H.R. 2414. An act for the relief of Emerson C. Salisbury;
- H.R. 2418. An act for the relief of certain claimants at Leavenworth, Kans., occasioned through damage to property inflicted by escaping prisoners;
- H.R. 2433. An act for the relief of Anna H. Jones;
- H.R. 7230. An act for the relief of J. B. Hudson;
- H.R. 7279. An act for the relief of Porter Bros. & Biffle and certain other citizens; and
- H.R. 7387. An act for the relief of Royce Wells.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

- H.R. 305. An act for the relief of Ernest B. Butte;
- H.R. 469. An act for the relief of Lucy Murphy;
- H.R. 1403. An act for the relief of David I. Brown;
- H.R. 2342. An act for the relief of Lota Tidwell;